

## NOMINATIONS

*Executive nominations received by the Senate June 23 (legislative day of June 22), 1939*

## ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Louis G. Dreyfus, Jr., of California, now a Foreign Service officer of class 1 and counselor of embassy at Lima, Peru, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Iran.

## FEDERAL LOAN ADMINISTRATOR

Jesse H. Jones, of Texas, to be Federal Loan Administrator, to be effective July 1, 1939.

## FEDERAL WORKS ADMINISTRATOR

John M. Carmody, of New York, to be Federal Works Administrator, to be effective July 1, 1939.

## CHIEF JUSTICE OF THE UNITED STATES COURT OF CLAIMS

Hon. Richard S. Whaley, of South Carolina, to be chief justice of the United States Court of Claims, vice Hon. Fenton W. Booth, retired.

## JUDGE OF THE UNITED STATES COURT OF CLAIMS

Sam E. Whitaker, of Tennessee, to be judge of the United States Court of Claims, vice Hon. Richard S. Whaley.

## CIVIL SERVICE COMMISSIONER

Arthur S. Flemming, of the District of Columbia, to be a Civil Service Commissioner, vice Samuel H. Ordway, Jr., resigned.

## APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS IN THE REGULAR ARMY OF THE UNITED STATES

Capt. Harlan Thurston McCormick, Air Corps, to be major from June 18, 1939.

## APPOINTMENTS IN THE REGULAR ARMY

The following-named officers of the Medical Corps Reserve to be first lieutenants in the Medical Corps, Regular Army, with rank from date of appointment:

Ralph Leon Marx	Richard Hamilton Brierley
Alton Herbert Saxer	Dear
Paul Charles Sheldon	James Wellington Brown
Roosevelt Cafarelli	Donald Eugene Reiner
Charles Kasile Morris	Howard Eugene Sellards
Leo Joseph Butler	Alva Edward Miller
Robert Scurry Anderson	Ralph Everett Reiner
Myles Patton Moursund	George Gilmore McShatko
William Henry Donovan, Jr.	Byron Atlee Nichol
Hallman Earl Sanders	Norman Elwood King
Wendell Playfair Harris	Austin W. Bennett
David Paul Ward	John Mayo Talbot
Francis Patterson Wells	George Savage Boyer
Frederick Clay Weekley	Roland Bernard Sigafos
Wilbur Warren Hiehle	Richard Henry Schug
Everett Charles Freer	Robert Leonce Hullinghorst
Wolcott Lowerree Etienne	Carl Neil Ekman
Kenneth Eugene Hudson	Laurence Addison Potter

The following-named second lieutenants of the Officers' Reserve Corps to be second lieutenants in the Regular Army in the arm or service specified with rank from date of appointment:

## INFANTRY

Elbridge Reed Fendall	John Irving Pray
Jack Alloyse Requarth	Joseph Bayne Sallee
Walden Francis Woodward	Gerald Hamilton Ragsdale
George Carpenter Dewey	Harry Balish
Albert William Frink	James Newton Shigley
Albert Joseph Genetti	Kenneth Earl Lay
Harold Edward Hassenfelt	Carl Thomas Schooley
William Robert Donaldson	Roger Martin Bachman
John William Gorn	Robert Allen Sharrer
Kurt Gustav Radtke	James Franklin Bishop
Robert Murphy Williams	George Benedict Cullison
Kenneth Gool Payey	Glenn Taylor Beelman
Mylo LeRoy Heen	Jesse Price Moorefield
James Richard Myers	Kenneth Willard Kirtley

## FIELD ARTILLERY

Robert Irven Beaver	Charles Pettingell Samson
Byron Benjiman Webb	Gene Sawyer Edwards
Raymond Harley Lumry	Homer Edward Miller
Lewis Dowe Vieman	Gordon David Bilat
Donald Francis Slaughter	Leonard George Jewett

## CHEMICAL WARFARE SERVICE

Claude Jones Merrill

## COAST ARTILLERY CORPS

Bernard Richard Luczak	Murray Dean Dougan
William John Alphonse	Charles William Reeves
Hussey	Richard Farris Ludeman
John Enos Wood, Jr.	Calvin Oliver Smith
Oliver Kenneth Marshall, Jr.	

## CAVALRY

Joe Ahee	Tom English Matlack
Leslie Hector Cross	Leo Gunnard Carlson

## CORPS OF ENGINEERS

Duane David Davis	Julius Porter Faris, Jr.
Lawrence Merrill Hoover	Frank Albert Swatta

## SIGNAL CORPS

Robert Richard Christofk  
Glen S. Waterman

## AIR CORPS

Robert Mathias Krummes	Eugene Batchelder Fletcher
Edwin Bruce Miller, Jr.	Edwin Harley Hatch
Dale Donald Brannon	Dean Carrol Hoevet
Fred Thomas Crimmins, Jr.	Marvin Leonard McNickle

## HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 23, 1939

The House met at 12 o'clock noon.

Rev. J. Luther Neff, pastor of the Wesley Methodist Church, of Washington, D. C., offered the following prayer:

Infinite Lord and Father of us all, we pause in the midst of daily duty to acknowledge and call upon Thy name. Thy mercy and care hath endured throughout all generations, and we believe that even today Thou hearest our every call and are mindful of our every need. Deepen our faith in Thee, O Lord, and increase our trust in Thy wisdom, love, and redeeming power. In our weakness, give us of Thy great strength; in our sinfulness, may we experience Thy merciful forgiveness; and in our selfishness, may we be ever reminded of Thy sacrificial spirit. By our faith and righteous living, may we daily open our hearts to the inexhaustible resources of God, as we face our multiplied tasks and responsibilities. Help us this day to renew our allegiance and loyalty to Thee, that in all our work, begun, continued, and ended in Thee, we may truly serve our day and age in accord with the pattern of Him who said, "It is more blessed to give than to receive." In the name of Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6851. An act to provide revenue, equalize taxation, and for other purposes.

## PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent that today at the conclusion of the legislative program of the day and following the special order heretofore entered I may be permitted to address the House for 30 minutes in an attempt to defend the program set up under the administration of the Trade Agreements Act.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### URGENT DEFICIENCY AND SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia, from the Committee on Appropriations, reported the bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes (Rept. No. 910), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order on the bill.

#### EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain quotations.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### HENRY FORD

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, a few minutes ago in front of the Nation's Capitol a photograph was taken of the Michigan delegation with the twenty-seven millionth Ford car produced by the Ford Motor Co., of Detroit, Mich.

It may be somewhat of news to you to know that this one company has produced one-third of all the cars made in the world, and during the last 10 years, according to the reports filed with the Federal Trade Commission, the profit of the Ford Motor Co. has been one-tenth of 1 percent, less than \$1 per car. Henry Ford is not making automobiles today because he needs bread; he is making cars in order that men may have work. For more than a quarter of a century Henry Ford led the world in the payment of high wages to the laboring man; and because of his mechanical genius he has made it possible for the common man, the poor man, to have and to enjoy one of the great conveniences of our day and age, namely, the automobile. [Applause.]

#### EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter from the Williamsport Community Trade Association, also a statement of facts showing why the city of Williamsport, Pa., and surrounding territory is a great location for the northeast air base to be established by the Army. Williamsport is one of the finest cities of this country, and the people of this community are the finest we have in this country. To locate this air base near Williamsport would be a fine thing for the Army to do for the benefit of our country.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute in regard to two resolutions I have introduced.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the President at a press conference is reported to have said that "if Congress goes home without enacting neutrality legislation and if war should break out in the meantime, it would be difficult to pass any sort of neutrality measure without leaving the United States open to charges that it was favoring one side or the other." Therefore President Roosevelt is

reported to have said "It would be to Congress' own advantage to insure itself against any such a dilemma." If the President was correctly reported, such remarks clearly indicate that in his opinion, based upon information in his possession but of which Congress and the American people are not apprised, that war in foreign countries is imminent and liable soon to break out. My concurrent resolution provides that the Congress of the United States, regardless of the enactment of any pending neutrality measure, should remain in continuous session in order to be in readiness to meet any eventuality that might arise that would require the exercise of our authority as Representatives of the people. I know every Member here wants to keep this country out of war. I do not like the hot weather in Washington any better than anyone else, but I believe we have a duty just as the President has to keep the United States out of entangling alliances and to do what is best for this country. We have a very grave responsibility.

My second resolution is a privileged resolution and provides that—

The President of the United States is hereby requested to transmit forthwith to the House of Representatives if not incompatible with the public interest such information as may be in his possession or in the files of the State Department which indicates that actual war is imminent between certain countries on the Continent of Europe.

My concurrent resolution also provides that the Congress remain in continuous session to solve the unemployment problem and put the people back to work, thus ending the business depression. We should solve the unemployment question. [Applause.]

#### MINORITY VIEWS ON H. R. 6316

Mr. BATES of Kentucky. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file minority views on the bill (H. R. 6316) to amend the act entitled "An act to regulate within the District of Columbia the sale of milk, cream, and ice cream, and for other purposes," approved February 27, 1925.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### EXTENSION OF REMARKS

Mr. ALLEN of Pennsylvania asked and was given permission to extend his own remarks in the RECORD.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief statement by one of my constituents, entitled "Let's Think."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and to include therein a speech by Mr. Seaman on the occasion of the dedication of Dam No. 13 on the Mississippi River.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SNYDER. Mr. Speaker, on yesterday I received unanimous consent to extend my remarks in the RECORD and to include therein a telegram. I have not as yet inserted my remarks in the RECORD, and I ask unanimous consent to include therein an additional telegram when I extend my remarks today.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement by the gentlewoman from New York [Mrs. O'Day].

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.



AMENDMENT OF FEDERAL HOME LOAN BANK ACT, HOME OWNERS' LOAN ACT, AND NATIONAL HOUSING ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the minority may have until midnight tonight to file minority views on the bill (H. R. 6971) to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes, and that these views may be printed with the majority report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill to which the gentleman from Michigan [Mr. Wolcott] has just referred.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

AMENDMENT OF THE WAGNER ACT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

HOW LONG, O LORD, HOW LONG?

Mr. HOFFMAN. Mr. Speaker, shall the people of this country be denied the right to work until they have paid tribute to a labor organization?

Within 200 miles of the Nation's Capital, in Somerset County, Pa., this Government of ours fails to protect citizens who want to work on Federal projects. The State of Pennsylvania and the Federal Government have joined in providing funds for the building of a turnpike. Yet the demand is made that Somerset County farmers who want to work on this turnpike pay a membership fee of \$15 and monthly dues before they can be employed upon a Federal project. And a department of the Federal Government, which is either cowardly or corrupt or for some unknown reason, fails to come to their aid.

Next week before the House Labor Committee the National Labor Relations Board will continue its filibuster to prevent amendment of the National Labor Relations Act.

Mr. ALLEN of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Pennsylvania.

Mr. ALLEN of Pennsylvania. Will the gentleman explain to whom the farmers pay this money?

Mr. HOFFMAN. In this particular instance it happens to be the A. F. of L. that is making the demand, but the two unions, the C. I. O. and the A. F. of L., each try to get the \$15, or the membership fee and the dues. My point is that neither one should get it, that no organization has the right to demand membership in it before a worker is to be employed on a P. W. A. job or on any job for that matter. Those farmers and others ought to be able to get those jobs without paying \$15 for the privilege of working to earn the money we appropriate for relief.

In the Appendix, under leave granted, I will print an editorial from the June 22 issue of the Daily American of Somerset, Pa., which tells something of the situation, and several letters which disclose some of the reprehensible practices which are being carried on under this act. [Applause.]

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to print certain communications in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ALLEN of Pennsylvania. Mr. Speaker, the farmers of Somerset County, which is just outside my district, did have considerable trouble for several weeks. They organized into an independent and individual union of their own. They have been granted the right to work on that highway and I believe the gentleman's information is not correct.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a copy of a letter addressed to the Secretary of State by one of my constituents.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CULKIN asked and was given permission to extend his own remarks in the RECORD.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and print with those remarks a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial from the Minneapolis Tribune of June 20.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. RISK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article appearing last Sunday in the Providence Journal in reference to the so-called submarine diving bell.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill passed yesterday and to include certain excerpts from official and unofficial records.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered at Sacramento, Calif., on May 19, 1939, by the Honorable James A. Farley.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT OF VOTE

Mr. D'ALESSANDRO. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. D'ALESSANDRO. Mr. Speaker, on yesterday, when the conference report on parity payments was before the House, my colleague the gentleman from Maryland [Mr. BYRON] and I were out on official business. If the gentleman from Maryland, Mr. BYRON, had been present, he would have voted "yea," while if I had been here, I would have voted "nay."

EXTENSION OF REMARKS

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD relative to the Schulte milk bill, which is coming before the

House shortly and to include therein two editorials from Washington newspapers.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### THE REVENUE BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6851) an act to provide revenue, equalize taxation, and for other purposes, with Senate amendments, and agree to the Senate amendments.

The reason I ask this, Mr. Speaker, is because we do not consider the Senate amendments very important, because they make no vital change in the bill as it passed the House. The Members of the House who would have been on the conference committee if we had requested that the bill go to conference, have gone over the Senate amendments very carefully, including the majority and minority members. We think some of the amendments, perhaps, help the bill, while none of the amendments are seriously objectionable. They do not affect at all seriously the revenue to be produced under the bill. The Senate has made no changes in what we did. What the Senate did was in addition to the House bill, and after going over the Senate amendments very carefully with our experts, we have decided we could agree to the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Without objection, the reading of the Senate amendments will be dispensed with and the amendments printed in the RECORD.

There was no objection.

The Senate amendments are as follows:

#### IN THE SENATE OF THE UNITED STATES, June 22, 1939.

*Resolved*, That the bill from the House of Representatives (H. R. 6851) entitled "An act to provide revenue, equalize taxation, and for other purposes," do pass with the following amendments:

(1) Page 2, after line 10, insert:

"Sec. 3. Toilet preparations tax amendments.

"(a) Section 3401 of the Internal Revenue Code (relating to the tax on toilet preparations) is amended by inserting at the end thereof the following new paragraphs:

"In the case of a sale by a manufacturer to a selling corporation of an article to which the tax under this section applies, the transaction shall be prima facie presumed to be otherwise than at arm's length if either the manufacturer or the selling corporation owns more than 75 percent of the outstanding stock of the other, or if more than 75 percent of the outstanding stock of both corporations is owned by the same persons in substantially the same proportions. Sales by a manufacturer to a selling corporation shall in all other cases be prima facie presumed to be at arm's length.

"Notwithstanding section 3441 (a), in determining, for the purpose of this section, the price for which an article is sold, whether at arm's length or not, there shall be included any charge for coverings and containers of whatever nature, only if furnished by the actual manufacturer of the article, and any charge incident to placing the article in condition packed ready for shipment, only if performed by the actual manufacturer of the article, but there shall be excluded the amount of the tax imposed by this section, whether or not stated as a separate charge. Whether sold at arm's length or not, a transportation, delivery, insurance, or other charge, and the wholesaler's salesman's commissions and costs and expenses of advertising and selling (not required by the foregoing sentence to be included), shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations."

"(b) The amendments made by subsection (a) shall be effective only with respect to sales made after the date of the enactment of this act."

(2) Page 29, after line 9, insert:

"(c) Determination of period for which held: Section 117 (h) of the Internal Revenue Code (relating to determination of period for which property is held) is amended by adding at the end thereof the following new paragraph:

"(5) In determining the period for which the taxpayer has held stock or rights to acquire stock received upon a distribution, if the basis of such stock or rights is determined under section 113 (a) (19) (A), there shall (under regulations prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution."

(3) Page 29, line 10, strike out "(c)" and insert "(d)."

(4) Page 29, line 11, strike out "(a) and (b)" and insert "(a), (b), and (c)."

(5) Page 29, line 14, strike out "(d)" and insert "(e)."

(6) Page 31, after line 15, insert:

"(f) Determination under prior acts of period for which held: For the purposes of the Revenue Act of 1938 or any prior revenue act, in determining the period for which the taxpayer has held stock or rights to acquire stock, received upon a distribution, if the basis of such stock or rights is determined under section 214 (e) (1) of the Revenue Act of 1939, there shall (under regulations which shall be prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution. This subsection shall be applicable as if it were a part of each such act when such act was enacted."

(7) Page 32, lines 2 and 3, strike out "if it is established to the satisfaction of the Commissioner" and insert: "if—

"(A) it is established to the satisfaction of the Commissioner, or

"(B) it is certified to the Commissioner by any Federal agency authorized to make loans on behalf of the United States to such corporation or by any Federal agency authorized to exercise regulatory power over such corporation."

(8) Page 36, after line 9, insert:

"Sec. 218. Employees trusts.

"Section 165 of the Internal Revenue Code (relating to exemption from tax of certain trusts for the benefit of employees) is amended by inserting before the first paragraph "(a) Exemption from tax.—" and by inserting at the end thereof the following new subsection:

"(b) Taxable year beginning prior to January 1, 1940: The provisions of clause (2) of subsection (a) shall not apply to a taxable year beginning prior to January 1, 1940."

(9) Page 36, after line 9, insert:

"Sec. 219. Inventories.

"(a) Amendment to code: Section 22 (d) of the Internal Revenue Code (relating to inventories in certain industries) is amended to read as follows:

"(d) (1) A taxpayer may use the following method (whether or not such method has been prescribed under subsection (c)) in inventorying goods specified in the application required under paragraph (2):

"(A) Inventory them at cost;

"(B) Treat those remaining on hand at the close of the taxable year as being: First, those included in the opening inventory of the taxable year (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year; and

"(C) Treat those included in the opening inventory of the taxable year in which such method is first used as having been acquired at the same time and determine their cost by the average cost method.

"(2) The method described in paragraph (1) may be used—

"(A) Only in inventorying goods (required under subsection (c) to be inventoried) specified in an application to use such method filed at such time and in such manner as the Commissioner may prescribe; and

"(B) Only if the taxpayer establishes to the satisfaction of the Commissioner that the taxpayer has used no procedure other than that specified in subparagraphs (B) and (C) of paragraph (1) in inventorying (to ascertain income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) such goods for any period beginning with or during the first taxable year for which the method described in paragraph (1) is to be used.

"(3) The change to, and the use of, such method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.

"(4) In determining income for the taxable year preceding the taxable year for which such method is first used, the closing inventory of such preceding year of the goods specified in such application shall be at cost.

"(5) If a taxpayer, having complied with paragraph (2), uses the method described in paragraph (1) for any taxable year, then such method shall be used in all subsequent taxable years unless—

"(A) With the approval of the Commissioner a change to a different method is authorized; or

"(B) The Commissioner determines that the taxpayer has used for any period beginning with or during any subsequent taxable year some procedure other than that specified in subparagraph (B) of paragraph (1) in inventorying (for ascertaining income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) the goods specified in the application, and requires a change to a method different from that prescribed in paragraph (1) beginning with such subsequent taxable year or any taxable year thereafter.

In either of the above cases, the change to, and the use of, the different method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income."

"(b) Taxable years to which applicable: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

"(c) Amendment to 1938 act: Section 22 (d) of the Revenue Act of 1938 (relating to inventories in certain industries) is amended to read as follows:

"(d) If the inventory method described in section 22 (d) (1), as amended, of the Internal Revenue Code is used for the first



taxable year beginning after December 31, 1938, then, in determining income for the preceding taxable year, the closing inventory of such year of the goods specified in the application under section 22 (d) (2), as amended, of such Code shall be at cost."

(10) Page 36, after line 9, insert:

"Sec. 220. Compensation for services rendered for a period of 5 years or more.

"(a) The Internal Revenue Code is amended by inserting after section 106 the following new section:

"Sec. 107. Compensation for services rendered for a period of 5 years or more.

"In the case of compensation (a) received, for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of 5 calendar years or more from the beginning to the completion of such services, (b) paid (or not less than 95 percent of which is paid) only on completion of such services, and (c) required to be included in gross income of such individual for any taxable year beginning after December 31, 1938, the tax attributable to such compensation shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years included in such period."

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

(11) Page 36, after line 9, insert:

"Sec. 221. Extension of time of orders of Securities and Exchange Commission.

"(a) Section 373 (a) of the Internal Revenue Code (relating to the definition of orders of the Securities and Exchange Commission with respect to which Supplement R applies) is amended to read as follows:

"(a) The term 'order of the Securities and Exchange Commission' means an order (1) issued after May 28, 1938, and prior to January 1, 1941, by the Securities and Exchange Commission to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935, 49 Stat. 820 (U. S. C., Supp. III, title 15, sec. 79 (b)), or (2) issued by the Commission subsequent to December 31, 1940, in which it is expressly stated that an order of the character specified in clause (1) is amended or supplemented, and (3) which has become final in accordance with law."

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(12) Page 36, after line 9, insert:

"Sec. 222. Renewal of indebtedness.

"(a) Section 27 (a) (4) of the Internal Revenue Code (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: 'A renewal (however evidenced) of an indebtedness, shall be considered an indebtedness.'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

"(c) Section 27 (a) (4) of the Revenue Act of 1938 (relating to corporation credit for amounts used or set aside to pay indebtedness) is amended by inserting at the end thereof the following new sentence: 'A renewal (however evidenced) of an indebtedness shall be considered an indebtedness.'

"(d) The amendment made by subsection (c) shall be applicable to taxable years beginning after December 31, 1937."

(13) Page 36, after line 9, insert:

"Sec. 223. Commodity credit loans.

"(a) The Internal Revenue Code is amended by inserting after section 121 the following new section:

"Sec. 123. Commodity credit loans.

"(a) Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received.

"(b) If a taxpayer exercises the election provided for in subsection (a) for any taxable year beginning after December 31, 1938, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Commissioner a change to a different method is authorized."

"(b) Adjustment of basis: Section 113 (b) (1) of the Internal Revenue Code is amended by adding at the end thereof a new subparagraph reading as follows:

"(G) In the case of property pledged to the Commodity Credit Corporation, to the extent of the amount received as a loan from the Commodity Credit Corporation and treated by the taxpayer as income for the year in which received pursuant to section 123 of this chapter, and to the extent of any deficiency on such loan with respect to which the taxpayer has been relieved from liability."

"(c) The amendments made by subsections (a) and (b) shall be applicable to taxable years beginning after December 31, 1938.

"(d) Retroactive application: The provisions of subsection (a) shall be retroactively applied in computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, if—

"(1) The taxpayer elects in writing (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) within 1 year from the date of the enactment of this act to treat such loans as income for such year, and

"(2) The records of the taxpayer are sufficient to permit an accurate computation of income for such year, and

"(3) The taxpayer consents in writing to the assessment, within such period as may be agreed upon, of any deficiency for such year, even though the statutory period for the assessment of any such deficiency had expired prior to the filing of such consent."

"Any tax overpaid for any such year shall be credited or refunded, subject to the statutory period of limitation properly applicable thereto."

"(e) Adjustment of basis for prior years: In computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such acts as amended, the basis, for determining gain or loss from the sale or other disposition of any property, pledged to the Commodity Credit Corporation as security on a loan obtained therefrom, shall be adjusted for the amount of such loan to the extent it was considered as income and included in gross income for the year in which received, and for the amount of any deficiency on such loan with respect to which the taxpayer was relieved from liability."

(14) Page 36, after line 9, insert:

"Sec. 224. Charitable contributions to possessions and charities in possessions.

"(a) Charitable deductions of taxpayers other than corporations: Section 23 (o) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"(1) The United States, any State, Territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes;

"(2) A corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation."

"(b) Charitable deduction of corporations: Section 23 (q) of the Internal Revenue Code is amended to read as follows:

"(q) Charitable and other contributions by corporations: In the case of a corporation, contributions or gifts payment of which is made within the taxable year to or for the use of a corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States, or of any State or Territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children (but in the case of contributions or gifts to a trust, chest, fund, or foundation, only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation; to an amount which does not exceed 5 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

(15) Page 36, after line 9, insert:

"Sec. 225. Pan-American trade corporations.

"The Internal Revenue Code is amended by inserting after section 151 the following new section:

"Sec. 152. Pan-American trade corporations.

"If a domestic corporation engaged in the active conduct of a trade or business within the United States (hereinafter referred to as the 'parent corporation') owns directly 100 percent of the capital stock of one or more domestic corporations each of which is engaged solely in the active conduct of a trade or business in Central or South America (hereinafter referred to as a Pan-American trade corporation), such corporations (including the 'parent corporation') shall be deemed to be an affiliated group of corporations within the meaning of section 141 of this chapter, provided that the following conditions are satisfied:

"(1) At least 80 percent of the gross income for the taxable year of the parent corporation is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"(2) At least 90 percent of the gross income for the taxable year of each of the Pan-American trade corporations is derived from sources other than royalties, rents, dividends, interest, annuities, and gains from the sale or exchange of stock or securities; and

"(3) No part of the gross income for the taxable year of any of the Pan-American trade corporations is derived from sources within the United States."

(16) Page 36, after line 9, insert:

"Sec. 226. Deductions of insurance companies other than life or mutual.

"(a) Section 204 (c) (10) of the Internal Revenue Code is amended to read as follows:

"(10) Deductions (other than those specified in this subsection) as provided in section 23."

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(17) Page 36, line 10, strike out "218" and insert "227."

(18) Page 37, after line 6, insert:

"Sec. 228. Computation of dividend carry-over for personal-holding company tax.

"(a) Section 504 (a) of the Internal Revenue Code is amended by inserting before the semicolon at the end thereof a comma and the following: 'and, in the computation of the dividend carry-over for the purposes of this subchapter, the term "adjusted net income" as used in section 27 (c) means the adjusted net income minus the deduction allowed for Federal taxes under section 505 (a) (1).'

"(b) The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938."

(19) Page 37, line 7, strike out "219" and insert "229."

(20) Page 37, strike out lines 9 to 12, inclusive, and insert "Except the amendments made by sections 211, 213, 214, 215, 217, 219, 220, 221, 222, 223, 226, 227, and 228, the amendments made by this title to the Internal Revenue Code shall be applicable only with respect to taxable years beginning after December 31, 1939."

(21) Page 39, line 12, strike out all after "securities—" down to and including "lien", in line 20, and insert "Even though notice of a lien provided in section 3670 has been filed in the manner prescribed in subsection (a) of this section, or notice of a lien provided in section 3186 of the Revised Statutes, as amended, has been filed in the manner prescribed in such section or subsection (a) of this section, the lien shall not be valid with respect to a security, as defined in paragraph (2) of this subsection, as against any mortgagee, pledgee, or purchaser, of such security, for an adequate and full consideration in money or money's worth, if at the time of such mortgage, pledge, or purchase such mortgagee, pledgee, or purchaser is without notice or knowledge of the existence of such lien."

(22) Page 40, line 8, after "enforced by a", insert "proceeding, suit, or."

(23) Page 41, after line 2, insert:

"Sec. 403. Credits against estate tax of tax paid to possessions.

"(a) Section 813 (b) of the Internal Revenue Code (relating to the 80-percent credit for estate, legacy, succession, and inheritance taxes paid) is amended by inserting after 'District of Columbia', the following: 'or any possession of the United States.'

"(b) The amendment made by subsection (a) shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act."

(24) Page 41, after line 2, insert:

"Sec. 404. Returns by attorneys as to foreign corporations.

"Effective as of the date of the enactment of the Internal Revenue Code, section 3604 of such code is amended by striking out 'Nothing in this section shall be construed to require the divulging of privileged communications between attorney and client,' and inserting in lieu thereof 'Nothing in this section shall be construed to require the filing by an attorney-at-law of a return with respect to any advice given or information obtained through the relationship of attorney and client.'"

(25) Page 41, after line 2, insert:

"Sec. 405. Filing of claims for refund of amounts collected under the Agricultural Adjustment Act.

"Section 903 of the Revenue Act of 1936 (relating to expiration of time for filing claims for refund of amounts paid under the Agricultural Adjustment Act) is amended by striking out 'July 1, 1937' and inserting in lieu thereof 'January 1, 1940'."

(26) Page 41, after line 2, insert:

"Sec. 406. Insolvent banks.

"(a) Section 3798 (c) of the Internal Revenue Code is amended to read as follows:

"(c) (1) Any such tax collected, whether collected before, on, or after the date of enactment of the Revenue Act of 1938, shall be deemed to be erroneously collected, and shall be refunded subject to all provisions and limitations of law, so far as applicable, relating to the refunding of taxes.

"(2) Any tax, the assessment, collection, or payment of which is barred under subsection (a) of this section, or any such tax which has been abated or remitted after May 28, 1938, shall be assessed or reassessed whenever it shall appear that payment of the tax will not diminish the assets as aforesaid.

"(3) Any tax, the assessment, collection, or payment of which is barred under subsection (b) of this section or any such tax which has been refunded after May 28, 1938, shall be assessed or reassessed after full payment of such claims of depositors to the extent of the remaining assets segregated or transferred as described in subsection (b).

"(4) The running of the statute of limitations on the making of assessment and collection shall be suspended, during, and for 90 days beyond, the period for which, pursuant to this section, assessment or collection may not be made, and a tax may be reassessed as provided in paragraphs (2) and (3) of this subsection, and collected, during the time within which, had there been no abatement, collection might have been made."

"(b) The term 'agent' as used in 3798 (b) of the Internal Revenue Code shall be deemed to include a corporation acting as a liquidating agent.

"(c) The amendments made by this section shall be effective as of the date of enactment of the Revenue Act of 1938."

(27) Page 41, after line 2, insert:

"Sec. 407. Sale of information derived from income-tax returns.

"Section 148 (f) of the Internal Revenue Code is amended by

adding at the end thereof the following new sentence: 'It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this act or by any prior act relating to the publication of information derived from income-tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding 1 year, or both, at the discretion of the court: Provided, That nothing in this sentence shall be construed to be applicable with respect to any newspaper, or other periodical publication, entitled to admission to the mails as second-class mail matter.'"

(28) Page 41, after line 2, insert:

"Sec. 408. Exemption from internal-revenue tax of articles brought into Guam or American Samoa.

"Section 3361 (b) of the Internal Revenue Code is amended by adding a comma and the words 'Guam and American Samoa' after the words 'Puerto Rico'."

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. I wonder if the gentleman from North Carolina [Mr. DOUGHTON] would take 5 minutes to explain this amendment thoroughly to the House.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may proceed for 10 minutes with the privilege of yielding time to other Members.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I yield now to the gentleman from Tennessee [Mr. COOPER], the chairman of the subcommittee that prepared the bill, to answer any questions that may be asked.

Mr. CROWTHER rose.

Mr. DOUGHTON. Mr. Speaker, I yield first to the gentleman from New York.

Mr. CROWTHER. Mr. Speaker, I discussed this matter with the gentleman from Massachusetts [Mr. TREADWAY], the ranking member, yesterday, after the conference with the Senate, and this procedure is satisfactory to the minority.

Mr. DOUGHTON. The gentleman will also agree that we went over the matter very carefully with our experts, amendment by amendment, and we all agreed it would be satisfactory to concur in the Senate amendments.

Mr. CROWTHER. That is correct.

Mr. DOUGHTON. I now yield to the gentleman from Tennessee.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina that in the event the original request is granted he may proceed for 10 minutes, and be allowed to yield to other Members?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object to suggest that 10 minutes would not be time enough.

Mr. RAYBURN. Mr. Speaker, I suggest to the gentleman from North Carolina that the proper request would be to ask unanimous consent to take up the Senate amendments for consideration.

Mr. MARTIN of Massachusetts. That has already been asked as I understand.

Mr. DOUGHTON. Mr. Speaker, I modify my unanimous consent request in that respect if it is agreeable.

The SPEAKER. The gentleman so modifies his request and asks that the bill with Senate amendments be taken up for consideration. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object.

Mr. JENKINS of Ohio. Mr. Speaker, that does not mean to take up the matter for debate, but it means only for consideration.

The SPEAKER. As the Chair understands the request, it is that the Senate amendments be taken up for consideration, under which the gentleman from North Carolina [Mr. DOUGHTON] would be entitled to 1 hour, and during that 1 hour he may make his motion.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object, to say that we have no opposition to this bill, as far as I know. All I want is to see that the bill is



properly presented to the House so that we will have knowledge of what the amendments are. First I would like to ask one or two questions myself.

Mr. DOUGHTON. Mr. Speaker, a number of the amendments are highly technical. I asked Mr. Stam, our counsel, this morning to make a brief of some of the amendments, to explain them. It is difficult for anyone to understand them. I am sure the gentleman from Tennessee [Mr. COOPER] can come as near to doing that as anyone.

Mr. MARTIN of Massachusetts. The questions I want to ask are not technical at all.

Mr. McCORMACK. Mr. Speaker, as I understand it, if the unanimous consent is agreed to, the gentleman from North Carolina then has control, and amendments cannot be offered to the Senate amendments from the floor unless the gentleman from North Carolina yields for that purpose.

The SPEAKER. That would be the correct interpretation. The gentleman from North Carolina moves to concur in the Senate amendments, and thereby is entitled to 1 hour.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, as was indicated by the statement made by the gentleman from North Carolina, chairman of the Committee on Ways and Means, the bill as passed by the House was substantially accepted by the Senate Finance Committee and the Senate. In other words, there are no substantial changes in the provisions of the bill as passed by the House. The Senate Finance Committee added about 17 amendments while the bill was pending in the Finance Committee and 3 amendments were added on the floor of the Senate, making about 20 amendments added to the bill as it passed the Senate. Of that number, perhaps 4 or 5 are amendments of some degree of substance, but they are considered of a rather minor nature. Most of the other amendments are purely technical or clerical, many of them correcting section numbers and matters of that kind.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COOPER. Yes.

Mr. MARTIN of Massachusetts. There is a change in the cosmetic tax in reference to containers.

Mr. COOPER. I would be very glad to give the gentleman a brief explanation of that. Two of the Senate amendments to title I of the bill relate to excise taxes on cosmetics.

Mr. Speaker, the first of these excise tax amendments relate to cosmetics, and appears on page 2 of the bill. This amendment relates to the question of determining a fair price upon which to impose the 10-percent cosmetic tax. It provides that sales by a manufacturer to a selling corporation shall be, *prima facie*, presumed to be at arm's length, unless the manufacturing corporation or the selling corporation owns more than 75 percent of the outstanding stock of the other corporation, or more than 75 percent of stock both in the manufacturing corporation and the selling corporation is owned by the same people. It will be remembered that the general understanding of an arm's length transaction is one that is between people who are independent of each other. In other words, it is not a deal within the same business institution. This provides that if 75 percent of the stock in the manufacturing corporation and a selling corporation is not involved, it is presumed to be an arm's length transaction.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MARTIN of Massachusetts. The effect of the amendment would be a reduction in the tax, if there is any change at all. Is that true?

Mr. COOPER. There probably would be some reduction in the tax or in its application to a situation of this type. There would at least be an adjustment of the tax that might result in some reduction.

Mr. MARTIN of Massachusetts. It is not placing a greater burden on the industry?

Mr. COOPER. It is not considered such.

Now, the next amendment with respect to the excise tax on cosmetics makes provision for the cases where one corporation supplies the containers—the bottles or boxes or whatever the product is put in—and another corporation provides the product itself—the powder or the cream or whatever the product is. This makes provision for the deduction of the cost of the container, except in the case where the manufacturer of the product also manufactures the container.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. JENKINS of Ohio. I presume the gentleman is going to go through these amendments; but for fear he may not reach the amendment I have in mind, I notice the Senate has done something with reference to the words "unsound financial condition," which we discussed at length in the House. What was the change?

Mr. COOPER. I was coming to that a little later. I will be glad to take them up more or less in order, if that is agreeable.

Mr. JENKINS of Ohio. If the gentleman is going to go into that, I will not ask him to do it now.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. DOUGHTON. I would like to state that in discussing that matter with the Under Secretary of the Treasury this cosmetics tax was giving us a great deal of trouble. Representatives of the industry have appeared before our committee in several Congresses on the repeal or modification of the tax. We have been very uncertain just what we should do about it. The Treasury seems to have not made the study they would like to have made. It is promised that by the time we take up further consideration of taxes—probably at the next session of this Congress—they will have made a thorough study of the matter and will be able to make some specific recommendation with reference to this tax on cosmetics.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. RICH. Do any of the changes made by the Senate reduce the income from the bill as it was originally sent to the Senate by the House?

Mr. COOPER. It is very difficult to give an exact estimate of that. My impression is that there may be a slight reduction in revenue, but I do not think it would exceed five or six million dollars.

Mr. RICH. Then, if the Senate tried to make a reduction from the tax bill, and every bill that we get from the Senate after it has passed the House has increased the appropriations, how in the world does the Senate figure they are going to do anything toward balancing the Budget?

Mr. COOPER. Of course, that question would naturally have to be addressed to the other body.

Mr. RICH. I think we will have to send the chairman of our Committee on Ways and Means over to talk to the Senate.

Mr. COOPER. I do feel that we cannot safely say there was any definite purpose or intention on the part of the Senate to reduce the amount of revenue. Just in the very nature of things, in adopting certain amendments, it resulted, perhaps, in a slight reduction of revenue.

Mr. RICH. I hope that our noble chairman of the Ways and Means Committee can have a good conference with the Senate on that particular point. I think it would be a fine thing for the country.

Mr. COOPER. Mr. Speaker, I will now pass to the amendment mentioned by the gentleman from Ohio [Mr. JENKINS], which I consider one of the important improvements to the bill. That is, with respect to corporations in an unsound financial condition being allowed to buy in their outstanding evidences of indebtedness without the gain being considered for tax purposes. About the only difference made by the Senate amendment is that it is here provided that where a corporation has made application to the Reconstruction

Finance Corporation or some other Government agency, and that agency has determined that the corporation is in an unsound financial condition, that evidence shall be submitted to the Commissioner of Internal Revenue in meeting and passing upon this question as to the unsound financial condition of the corporation.

Mr. JENKINS of Ohio. Let me understand. The gentleman states that the change puts a burden upon the corporation to have a finding by some responsible organization that it is unsound?

Mr. COOPER. No; it helps the corporation.

Mr. JENKINS of Ohio. I am afraid the gentleman did not quite understand my question. The way I read the language of the amendment it is that in order for the corporation to avail itself of this provision of the tax law the corporation must go to the Internal Revenue authorities with some adjudication that it is in an unsound condition.

Mr. COOPER. That is not it at all.

Mr. JENKINS of Ohio. What is it, then?

Mr. COOPER. The provision is this: If the corporation has voluntarily gone to the R. F. C. or some other governmental agency and presented its case, if it has made application for a loan, for instance, and the R. F. C. has examined the condition of the corporation and has reached a finding that it is in an unsound financial condition, that evidence must be considered by the Commissioner of Internal Revenue as deciding the question of whether the corporation is in an unsound financial condition and thereby entitled to this favorable treatment in the matter of the payment of taxes.

Mr. JENKINS of Ohio. Suppose it has not gone to any financial institution, and has had no adjudication, then it is back just where the House provision had it?

Mr. COOPER. Exactly.

Mr. JENKINS of Ohio. That is what I had in mind. Then, as I understand it, the Senate has gone one step further and made it a little easier for the corporation, so that if it has such adjudication it can bring that to the attention of the Bureau of Internal Revenue, and in that way it might escape the notoriety that it might get if it had to declare its unsound condition to the Internal Revenue Department in such a way that it would get unfavorable publicity.

Mr. COOPER. I think it might be stated just a little better to say that the corporation having made its showing to the R. F. C. or some other governmental agency may take that certificate as to its unsound financial condition to the Commissioner of Internal Revenue to be considered by him. Instead of the Commissioner's having to duplicate all of the work of investigation done by the R. F. C. or some other governmental agency he accepts that finding made by them and the certificate issued by them.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. McCORMACK. I think this might clarify the gentleman's mind. This amendment will prevent two departments of the Government checking upon each other and both of them checking upon the applicant, the corporation.

Mr. COOPER. That is true.

Mr. McCORMACK. In other words, if the R. F. C. has determined that the corporation seeking a loan is unsound, that does not mean that it is in bankruptcy or receivership; unsound does not mean that it is not a good going concern, but is unsound for the purpose of obtaining the advantages of this provision. It is very beneficial to business. If the R. F. C. makes a finding, certainly we should not require the corporation to subject itself to the Treasury Department and have to prove its case again before the Internal Revenue Bureau, for this would put both departments in the position of checking upon each other.

Mr. COOPER. That is true.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. WALTER. How soon must the examination by the R. F. C. or the other lending agency have been made to make the finding acceptable evidence?

Mr. COOPER. It is as of the time that the discharge of the indebtedness occurs.

The next amendment, one of some importance, relates to inventories. Members of the committee will recall the question we have had with us for many years with respect to what is called "last in and first out" method of inventory treatment. This matter was considered in connection with the 1938 Revenue Act. At that time it was worked out so as to apply in the case of tanneries and nonferrous metals. Since that time the Treasury Department has been working almost constantly on the problem and it has succeeded in working out this amendment which was included in the bill as passed by the Senate, to make applicable to every industry the same treatment provided in the 1938 act for these particular industries. It is, of course, worked out so as to safeguard the revenue.

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. BUCK. As a matter of fact, this proposal was considered by the Subcommittee on Internal Revenue Taxation in the House; and the reason it was not brought to the attention of the House was because of the fact that the Treasury Department and the drafting service had not yet reduced to final form the amendment they proposed. Is not this correct?

Mr. COOPER. That is true; yes.

The next amendment to which I would like to invite attention is that appearing on page 42 of the bill which relates to compensation for personal services rendered over a period of 5 years or more. It has been considered a hardship to tax the compensation of writers, inventors, and others rendering personal service where they had worked over a long period of years and then received the compensation for that long period of work at one time in 1 year.

The case of an attorney might be an illustration well in point, where an attorney had worked on a case for 15 years or more and then in 1 year received a substantial fee for work done over that entire period of 15 years. This amendment included by the Senate provides that where this personal service is rendered over a period of time of 5 years or more, the amount of the compensation received shall in effect be spread out over the period of time covered by the period of employment or the period of time in which the personal services were rendered and that the income tax paid shall be the tax which would have been paid on the same basis as if these pro rata amounts had been taken up in the various years covered in the period of employment.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. COOPER. With pleasure.

Miss SUMNER of Illinois. Will the gentleman please state why the period of time was fixed at 5 years instead of 1 or more? Why was it not made applicable to 2 or more years?

Mr. COOPER. The figure five is to some extent arbitrary, for some period of time had to be fixed. If it were 1 year there would be no occasion for special treatment.

Miss SUMNER of Illinois. What about 2 years?

Mr. COOPER. It was thought after consideration, according to my understanding and the understanding of the committee, that at least to start with this would be the fairest and best treatment we could give it. It is entirely experimental. We have never had anything like it before and we felt as an experiment this would probably be the best basis to start with.

Mr. JENKINS of Ohio. According to this report I have here, it says 5 or more years. Will not that answer the question?

Miss SUMNER of Illinois. No; it will not.

Mr. COOPER. Five or more years. The gentlewoman's question was as to why that was not made 1 or more years instead of 5 or more years.

Mr. REED of New York. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from New York.



Mr. REED of New York. Does the gentleman consider this a very just amendment?

Mr. COOPER. Yes; I do.

Miss SUMNER of Illinois. It is a great improvement.

Mr. COOPER. Mr. Speaker, the next amendment is on page 43 of the bill and relates to the Securities and Exchange Commission. The 1938 Revenue Act provides that certain transactions arising out of the simplification and integration of public-utility holding company systems might be accomplished under the revenue act by treating some of the transactions as tax-free exchanges and making various adjustments on the basis of property according to the special treatment provided under the provision known as supplement R of the Internal Revenue Code. This simply provides for a 1-year extension of the time for the Securities and Exchange Commission to work out these matters.

The next amendment appears on page 44 and relates to the renewal of indebtedness. Under the 1938 Revenue Act, insofar as undistributed profits taxes are concerned, corporations have the right to certain special treatment because of outstanding indebtedness or sums set aside for the payment of outstanding indebtedness. This simply liberalizes that provision to some extent by permitting renewal of a debt to be considered as the original debt, and it applies only to the remaining time that the undistributed-profits tax shall apply. In other words, it does not extend beyond January 1, 1940, because after that time we will not have any undistributed-profits tax.

The next amendment appearing at the bottom of page 44 has to do with commodity-credit loans. It provides in simple terms that where a farmer places his products, cotton or whatever the product may be, in what is commonly termed the Government loan, he receives a loan on that product. This provides that so far as the question of taxes is concerned the transaction may be treated the same as the sale of that product so far as the amount of money he receives is concerned. The point, of course, is that a farmer might get a loan this year and his product continue in the Commodity Credit Corporation. Next year he might get a loan and so on. The result might be that, considered as a loan, the income would all come at one time, so far as the tax is concerned, and he might be required to pay a tax on the whole amount whereas he had been receiving these loans all along. The effect of this amendment is simply to treat these loans made to the farmer so far as internal taxes are concerned the same as if it had been a sale.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. We over here are wondering if that paragraph is complete enough to permit him to deduct when he makes payment in the following year as a loss, if he has one?

Mr. COOPER. Oh, yes; it permits the deduction of a loss.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. In the case of corn, where a loan of 57 cents per bushel is made on the corn, and we will assume the market price is 40 cents, is it optional with the farmer to treat that loan either as a sale or as a loan?

Mr. COOPER. That is right.

Mr. AUGUST H. ANDRESEN. It is optional with him?

Mr. COOPER. It is optional with the farmer, so far as the income tax is concerned, whether he wants to treat it as a loan or sale.

Mr. AUGUST H. ANDRESEN. Assuming that he does treat it as a sale, but decides after he has made his return that he wants to treat it as a loan, and he loses 10 cents a bushel on the corn.

Mr. COOPER. He cannot do that. If he wants to exercise his own option and treat it as a sale and pay his income tax on the sale, then he cannot come back later and say, "I want to change it now and treat that as a loan and not as a sale." He has to do one or the other.

Mr. AUGUST H. ANDRESEN. Then title would in reality pass to the Government?

Mr. COOPER. This does not make any difference so far as title is concerned. This treats it as far as income-tax payment is concerned whatever way he wants to treat it.

Mr. AUGUST H. ANDRESEN. It seems to me this is going to be rather hard on the cotton farmers who have so much cotton in loan with the Government.

Mr. COOPER. As long as it is optional, I do not see how it could hurt anybody.

Mr. BUCK. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. BUCK. Here is the advantage to the farmer, I may say to the gentleman from Minnesota: If he treats it as a sale in the year in which he gets a loan, he may then deduct and charge off against the amount the cost of production, which he never could charge off if he waited until the loans were liquidated in another year.

Mr. AUGUST H. ANDRESEN. That is true.

Mr. COOPER. That is one definite advantage. It gives him the opportunity of charging off his expenses and his cost at the time he asks that it be treated as a sale.

Mr. AUGUST H. ANDRESEN. At the present price levels, very few farmers have any income tax.

Mr. THOMASON. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Texas.

Mr. THOMASON. Is there any change in the excise tax on copper?

Mr. COOPER. No; no change in that.

Mr. CRAWFORD. Will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. How does this amendment apply to those who have during the last 3 years, say, put cotton into loan and who have not yet reported that as income? They treated it as a loan at the time and it has not been reported as income.

Mr. COOPER. They can go back, if they want to, and treat that as income received at the time the loan was made.

Mr. CRAWFORD. Through amending their tax returns?

Mr. COOPER. That is right.

Mr. CRAWFORD. Insofar as the subsequent returns are concerned, as I understand the gentleman's explanation, this will operate almost exactly as making returns on the basis of an accrual or on the basis of cash income and outgo. In other words, having made the decision to report the income on the basis of accrual, they have to stick to that plan unless they get permission to change.

Mr. COOPER. That is correct.

Mr. CRAWFORD. And this will operate in a similar manner?

Mr. COOPER. That is correct, but there is no permit to change with respect to the years in which the taxpayer has already elected to treat such loans as sales.

Mr. CRAWFORD. I say, you will have to get the permit from the Commissioner?

Mr. COOPER. You cannot get a permit to change after you once exercise your option and elect.

Mr. CRAWFORD. In subsection (b) it is stated:

Unless with the approval of the Commissioner a change to a different method is authorized.

Mr. COOPER. Yes; that is true. I beg the gentleman's pardon. But that only applies to future years.

Mr. CRAWFORD. That would be the same whether it is on an accrual or a cash basis?

Mr. COOPER. The gentleman is correct.

Mr. CRAWFORD. One other question. Having reported the loan money received, say, in 1939 as income, and then in 1940 at the time the loan is closed out it developing that there is an additional payment to be made to the farmer as a result of the sale of the products at a higher price than the loan amounted to, the farmer will at that time include the additional amount as income?

Mr. COOPER. Yes; that is correct.

Mr. KERR. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. KERR. This tax would have to be collected only at one time, whether it is considered as a sale or a loan?

Mr. COOPER. The gentleman is correct.

Mr. KERR. And if he continued to negotiate his loan after he had paid the tax one time, for the first loan, he would not have to pay it if he negotiated his loan in subsequent years on the same crops?

Mr. COOPER. Oh, no; of course not.

The next amendment appears on page 47 and relates to charitable contributions made in possessions of the United States, and accords the same treatment that is now given similar contributions made in this country.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. There is a provision in the bill, as I understand, which extends the time within which taxpayers claiming refunds for payment of processing taxes under the Bankhead Act may file their claims.

Mr. COOPER. I will come to that in a few minutes, if the gentleman will permit me to proceed.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. The gentleman is talking about section 224?

Mr. COOPER. That is right; amendment No. 14 to section 224, page 47.

Mr. JENKINS of Ohio. As I understand the gentleman, he said this applied only to foreign possessions.

Mr. COOPER. It applies to possessions of the United States.

Mr. JENKINS of Ohio. What does the gentleman mean, the Territorial possessions or the personal-property possessions of the United States?

Mr. COOPER. The Philippines and Puerto Rico.

Mr. JENKINS of Ohio. The Territorial possessions?

Mr. COOPER. That is right.

Mr. JENKINS of Ohio. Let us look at the heading. It states, "Charitable Deductions of Taxpayers Other Than Corporations."

Mr. COOPER. That is correct. Then look at the next heading on the next page, "Charitable Deductions of Corporations."

Mr. JENKINS of Ohio. All I want to bring out is this: When we were considering this bill in the House we stuck religiously to the proposition that we would not go outside of corporations. Does this section give any private individual any relief?

Mr. COOPER. Oh, yes; it applies to individual taxpayers.

Mr. JENKINS of Ohio. That is what I was coming to. Where? In the United States or in the foreign possessions only?

Mr. COOPER. In the United States. In other words, as I understand, the situation is this: Suppose some citizen of the United States desires to make a contribution to some hospital or charitable institution in the Philippines or Puerto Rico. Under this he would be allowed to do it and receive the same treatment as if he had made that kind of a contribution to some institution in this country.

Mr. JENKINS of Ohio. The reason I bring it up is that when we were considering this bill in the House the able young gentleman from Ohio [Mr. Jones] offered an amendment which was not voted on and to which a point of order was sustained.

Mr. COOPER. If the gentleman will permit, the gentleman from Ohio [Mr. Jones] offered an amendment somewhat along that line and I felt constrained to and did make a point of order against it. The Chair sustained the point of order. The amendment was not germane.

Mr. JENKINS of Ohio. This is what the amendment of the gentleman from Ohio sought to do. It sought to give to donors of charitable donations in this country a greater exemption for certain donations than they are now permitted. Now, does this amendment do that?

Mr. COOPER. No. The amendment offered by the gentleman from Ohio [Mr. Jones] sought to increase the amount of deductions for contributions that could be made to charitable institutions in this country.

Mr. JENKINS of Ohio. That is right. It sought to permit a greater exemption from taxes to donors making donations to public institutions and charitable institutions.

Mr. COOPER. That amendment went out on a point of order.

Mr. JENKINS of Ohio. That is true. What I want to know is whether this Senate amendment does anything more than give to an American donor the same exemption from taxes on donations to Philippine charities than he gets to American charities? Does it increase the percentage of his exemption or only extend it to donations to charities in our possessions?

Mr. COOPER. This amendment simply provides, as I endeavored to illustrate a few moments ago, if a citizen of the United States wants to make a contribution to a hospital or charitable institution in the Philippines or in Puerto Rico, he may do so and it will be treated in the same manner as the present law applies to charitable contributions made to institutions in this country.

Mr. JENKINS of Ohio. Then there is absolutely no change in the percentage of the exemption?

Mr. COOPER. That is right.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman.

Mr. CRAWFORD. I am sure the gentleman does not mean to include the Philippines in that statement of his, because the Philippines are now a commonwealth and is not, and has never been, a possession of the United States.

Mr. COOPER. It is my understanding that it applies to the Philippines. They are still treated as a possession of the United States because their independence does not become effective until 1945, as I recall.

Mr. CRAWFORD. I dislike very much to question that at this time—

Mr. COOPER. Of course, it will not apply after it becomes independent, but it does apply until then.

Mr. CRAWFORD. If we are in this provision extending to the Philippines the same status as Puerto Rico and the Virgin Islands and Hawaii, we are going far afield and doing something I do not believe the Congress ever did before. I think there must be a mistake there.

Mr. COOPER. What is the Philippines if it is not still a possession until its independence becomes effective?

Mr. CRAWFORD. The point is that the organic acts of the four Territories, Alaska, Hawaii, Puerto Rico, and the Philippines, are certainly dissimilar. The Philippine Islands are a Commonwealth, with a President of a Commonwealth moving toward independence, and I just cannot believe that that is the intent of this provision, with all the respect and high regard I have for the gentleman and I am raising that point now.

Mr. COOPER. I concede the gentleman knows a great deal more about the subject of the Philippines and matters of that kind than I do but it is my understanding that Alaska and Hawaii are Territories.

Mr. CRAWFORD. That is correct.

Mr. COOPER. And not possessions of the United States, but the Philippines and Puerto Rico are possessions of the United States.

Mr. CRAWFORD. I would go along with the gentleman on Puerto Rico and the Virgin Islands as possessions.

Mr. COOPER. Well, what is the position of the Philippines, if it is not a possession—it is not a Territory.

Mr. CRAWFORD. I do not want to impose on the gentleman's time.

Mr. COOPER. It is not an independent country yet, because the act does not become effective until 1945.

Mr. CRAWFORD. It is not independent, but it has never enjoyed the status of either of these other Territories.

Mr. COOPER. That may be true, but it is a possession of the United States until its independence becomes effective. It



enjoys the same status as Puerto Rico, according to my understanding.

The next amendment is amendment No. 15 to section 225, appearing on page 49 of the bill.

The amendment makes provision for Pan-American trade corporations. It is my understanding that because of the situation that exists, it is necessary for some American corporations doing business in Central and South America to have a subsidiary corporation to do business there. This simply provides that only so far as it applies to these parent corporations and subsidiary corporations engaged in trade in Central and South America, they may have the privilege of making consolidated returns, and all of the corporations must be domestic corporations.

I believe I will only ask your indulgence to mention briefly one other amendment, unless some questions are asked, and that is the amendment in which the gentleman from Texas [Mr. LUTHER A. JOHNSON] has shown a great interest. He has taken the matter up repeatedly with members of the Ways and Means Committee and has been very much interested in the matter all along, and the same thing is true with respect to the gentleman from Virginia [Mr. DARDEN] and quite a number of other Members of the House.

This amendment, No. 25, to section 405, on page 57 of the bill, provides for the extension of the time for the filing of claims for refunds under the processing tax under the Agricultural Adjustment Act to January 1, 1940. Under existing law people had the right to file these claims up to July 1, 1937. This meant that for 1 year and 8 days they had the right to file these claims, but it has been brought to the attention of the committee that many people did not get their claims filed within that time, and the time has been extended to January 1, 1940, for the filing of such claims.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. LUTHER A. JOHNSON. I want to congratulate and thank the committee for their action in agreeing to this provision, because it will affect many of the smaller merchants who had stocks of cotton goods upon which they had paid processing or floor stock tax and did not know they were entitled to a refund. The Supreme Court having held the law under which these taxes were paid to be unconstitutional, Congress therefore provided refunds if claims were filed by July 1, 1937. The larger taxpayers generally knew of this right so to do and filed claims, but the smaller merchants did not learn until it was too late of this right. We talk a great deal about helping small-business men. This provision will help that class by repaying to them the taxes illegally collected from them by the Government, and I appreciate, and on their behalf thank the able gentleman from Tennessee [Mr. COOPER] and the Ways and Means Committee for doing this act of justice.

The SPEAKER. The gentleman has consumed 40 minutes.

Mr. DOUGHTON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The question was taken and the Senate amendments were concurred in.

A motion to reconsider was laid on the table.

STATE, JUSTICE, AND COMMERCE DEPARTMENTS APPROPRIATION BILL, 1940

Mr. THOMAS S. McMILLAN. Mr. Speaker, I call up the conference report upon the bill H. R. 6392, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from South Carolina calls up the conference report upon the bill H. R. 6392 and asks unanimous consent that the statement of the managers be read in lieu of the report. Is there objection?

There was no objection.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce, for the fiscal year ending June 30, 1940, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 33.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 6, 7, 8, 9, 10, 11, 12, 14, 15, 20, 22, 23, 24, 28, 35, 37, 38, 39, 40, 42, and 43, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$2,192,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$750,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$250,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "of which sum not to exceed \$50,000 may be available for the investigation and prosecution of alleged violations of civil liberties"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$937,500"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$3,180,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "\$3,887,500"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the District Judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the District Judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own Courts: *Provided further*,"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$2,330,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$890,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "": *Provided further*, That the foregoing proviso shall not be held to apply to the employment of a person possessing the dual qualifications of a stenographer and a licensed attorney who acts as a stenographer-law clerk, but the maximum salary of any such person so employed shall not exceed \$3,600 per annum: *Provided further*, That the salary of not more than one employee for any one district judge shall be paid from this appropriation: *Provided further*, That if any United States District Judge certifies to the Senior Judge of the Circuit Court of Appeals having jurisdiction over his district that he is unable to secure a law clerk who is a competent stenographer residing within his District then the limitations contained in the two provisos immediately preceding shall not apply"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$541,500"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$94,500"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$465,400"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "160,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "of which not to exceed \$75,000 may be available for the development of pH standards"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment, insert "\$10,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 17 and 30.

THOS. S. McMILLAN,  
JAS. McANDREWS,  
LOUIS C. RABAUT,  
MILLARD F. CALDWELL,  
JOHN H. KERR,  
ALBERT E. CARTER,  
KARL STEFAN,

*Managers on the part of the House.*

KENNETH McKELLAR,  
RICHARD B. RUSSELL,  
PATRICK McCARRAN,  
JNO. H. BANKHEAD,  
KEY PITTMAN,  
STYLES BRIDGES,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6392) making appropriations for the Departments of State and Justice and for the judiciary, and for the Department of Commerce for the fiscal year ending June 30, 1940, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

#### Department of State

On amendment No. 1: Appropriates \$2,192,000 for salaries in the State Department in Washington instead of \$2,183,500, as proposed by the House, and \$2,239,760, as provided by the Senate.

On amendment No. 2: Appropriates \$138,000 for contingent expenses in the Department of State in Washington, as proposed by the House, instead of \$143,430, as provided by the Senate.

On amendment No. 3: Appropriates \$650,000 for salaries of ambassadors and ministers, as proposed by the Senate, instead of \$640,000, as provided by the House.

On amendment No. 4: Appropriates \$750,000 for the construction of buildings for the Foreign Service instead of \$500,000, as proposed by the House, and \$1,000,000, as provided by the Senate.

On amendment No. 5: Authorizes contracts to be entered into in the amount of \$250,000 for construction of buildings for the Foreign Service, instead of \$200,000, as proposed by the House and \$300,000, as provided by the Senate.

On amendment No. 6: Appropriates \$25,000 for fence construction along the international boundary between Mexico and the United States, as proposed by the Senate.

On amendment No. 7: Appropriates \$25,000 for expenses of the International Fisheries Commission, as proposed by the Senate, instead of \$30,000, as provided by the House.

On amendment No. 8: Appropriates \$40,000 for expenses of the International Pacific Salmon Fisheries Commission, as proposed by the Senate, instead of \$35,000, as provided by the House.

On amendments Nos. 9, 10, and 11: Adopts Senate language with reference to certain exemptions afforded the Department in the matter of requiring competitive bids for the purchase of essential supplies and equipment at home and abroad.

#### Department of Justice

On amendment No. 12: Appropriates \$210,000 for salaries in the Criminal Division, as proposed by the Senate, instead of \$190,000, as provided by the House.

On amendment No. 13: Makes not to exceed \$50,000 of the appropriation for the Criminal Division available for investigation and prosecution of alleged violations of civil liberties, as proposed by the Senate.

On amendment No. 14: Appropriates \$314,220 for salaries in the Claims Division, as proposed by the Senate, instead of \$285,000, as provided by the House.

On amendment No. 15: Corrects a total.

On amendment No. 16: Appropriates \$937,500 for traveling expenses instead of \$925,000, as proposed by the House, and \$950,000, as provided by the Senate.

On amendment No. 18: Appropriates \$3,180,000 for salaries and expenses of district attorneys and their regular assistants instead of \$3,160,000, as proposed by the House, and \$3,200,000, as provided by the Senate.

On amendment No. 19: Appropriates \$3,887,500 for salaries and expenses of marshals and their deputies instead of \$3,875,000, as provided by the House, and \$3,900,000, as proposed by the Senate.

On amendment No. 20: Corrects a heading.

On amendment No. 21: Reinstates language inserted by the House and deleted by the Senate dealing with the appointment and work of probation officers, amended in such manner as to assure the right of the district judge to make the appointment of the probation officer subject to conformity, insofar as possible, with standards or regulations prescribed by the Attorney General, and further to assure the right of the district judge to make such orders as may be necessary to govern probation officers in their own courts.

On amendment No. 23: Appropriates \$105,780 for salaries in the Court of Customs and Patent Appeals, as proposed by the Senate, instead of \$104,300, as provided by the House.

On amendments Nos. 23 and 24: Provides seven commissioners of the Court of Claims, as proposed by the Senate, instead of six, as proposed by the House, and appropriates \$75,500 for commissioners' salaries and expenses, as proposed by the Senate, instead of \$65,000, as provided by the House.

On amendment No. 25: Appropriates \$2,330,000 for salaries and expenses of clerks of courts instead of \$2,308,000, as proposed by the House, and \$2,338,000, as provided by the Senate.

On amendment No. 26: Appropriates \$890,000 for miscellaneous salaries, United States courts, instead of \$856,000, as proposed by the House, and \$940,000, as provided by the Senate. The effect of this action is to grant six messengers for the court of appeals and six for the district court, both in the District of Columbia.

On amendment No. 27: Reinstates House language deleted by the Senate providing for employment of a combination stenographer-law clerk by United States district judges, amended in such manner as to sanction the employment of a law clerk for a district judge in such cases where the senior judge of the circuit court of appeals certifies as to need therefor and the district judge certifies that he is unable to find a person residing within his district who may possess the dual qualifications of a stenographer and law clerk.

#### Department of Commerce

On amendment No. 28: Authorizes payment of \$10,000 per annum compensation to an Under Secretary of Commerce, as provided by the Senate.

On amendment No. 29: Appropriates \$541,500 for salaries in the office of the Secretary of Commerce instead of \$331,500, as proposed by the House, and \$606,500, as provided by the Senate.

On amendment No. 31: Appropriates \$94,500 for departmental contingent expenses instead of \$80,500, as proposed by the House, and \$100,500, as provided by the Senate.

On amendment No. 32: Appropriates \$465,400 for departmental traveling expense instead of \$455,900, as proposed by the House, and \$468,400, as provided by the Senate.

On amendment No. 33: Appropriates \$350,000 for salaries and expenses of district and cooperative offices of the Bureau of Foreign and Domestic Commerce, as proposed by the House, instead of \$313,000, as provided by the Senate.

On amendment No. 34: Appropriates \$160,000 for expenses of transportation of families and effects of officers and employees and allowances for living quarters under the Bureau of Foreign and Domestic Commerce instead of \$153,000, as proposed by the House, and \$164,000, as provided by the Senate.

On amendment No. 35: Corrects a typographical error.

On amendment No. 36: Makes not to exceed \$75,000 of the appropriation for research and development under the National Bureau of Standards available for the development of pH standards, as proposed by the Senate.

On amendment No. 37: Appropriates \$100,000 for the purchase of land adjoining the property of the National Bureau of Standards, as proposed by the Senate.

On amendment No. 38: Corrects a total.

On amendment No. 39: Appropriates \$70,000 for repair of vessels under the Coast and Geodetic Survey, as proposed by the Senate, instead of \$65,000, as provided by the House.

On amendment No. 40: Appropriates \$949,400 for propagation of food fishes under the Bureau of Fisheries, as proposed by the Senate, instead of \$930,000, as provided by the House.

On amendment No. 41: Makes not to exceed \$10,000 of the appropriation for propagation of food fishes under the Bureau of Fisheries available for the completion of the fish cultural station at Arcadia, R. I., instead of authorizing \$20,000 for this purpose, as provided by the Senate.

On amendment No. 42: Increases the limitation for pay of permanent employees under the appropriation for fishery industries, Bureau of Fisheries, from \$56,760, as proposed by the House, to \$61,960, as provided by the Senate.



On amendment No. 43: Appropriates \$80,000 for fishery industries, Bureau of Fisheries, as provided by the Senate, instead of \$72,500, as proposed by the House.

The committee on conference report in disagreement amendments No. 17 and 30.

THOS. S. McMILLAN,  
JAS. McANDREWS,  
LOUIS C. RABAUT,  
MILLARD F. CALDWELL,  
JOHN H. KERR,  
ALBERT E. CARTER,  
KARL STEFAN,

*Managers on the part of the House.*

Mr. THOMAS S. McMILLAN. Mr. Speaker, it will be noticed that there are a number of amendments made on the bill by the Senate, but the effect of the conference in brief is merely this. We had during the conference sessions what we may term in common parlance a number of trades and other agreements. Substantially there has been no great change in any of the items included in the report. The report and the Senate amendments that the House has agreed to still holds this bill approximately \$2,300,000 under the estimate of the Budget.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. Yes. Does the gentleman desire some time?

Mr. CARTER. I would like to have at least 10 minutes.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 10 minutes to the gentleman from California.

Mr. CARTER. Mr. Speaker, I call the attention of the House to an item that was placed in this bill in the Senate, an item on which there were no hearings held before the Committee on Appropriations of the House. After the Department of Commerce bill was passed in the House, and when it was presented to the Senate committee, the Secretary of Commerce for the first time appeared there and asked for an item of \$226,000 in order to employ 62 additional persons for carrying on the work of the Department of Commerce. While the hearings were held before the Senate subcommittee, no hearings were presented to the House committee on this item. The statement of the Secretary of Commerce in reference to the duties of these 62 individuals is decidedly indefinite. In the hearings before the Senate subcommittee on page 82 will be found the various salaries that these 62 employees are to receive, but diligent search will not reveal a single duty that these 62 are to perform. It is true that the Secretary of Commerce did make a statement to the Senate committee, and I shall quote very briefly from this statement in order to show how uncertain he is as to what he desires these people to do. On page 74 of the Senate hearing there is a statement to this effect:

As a matter of organization, these additions could properly be made in the Bureau of Foreign and Domestic Commerce, whose functions are related to all of these problems.

He says the duties of these men might be properly classed in the Bureau of Domestic and Foreign Commerce. As I understand the reorganization bill, the Bureau of Foreign Commerce will be no longer in the Department of Commerce. It is to be transferred to the State Department, and if part of these functions come within the Bureau of Foreign Commerce, certainly he is not going to need money to employ personnel to carry on that particular work. Then, going on with his statement:

I have no precedents to guide me in this matter of organization. It would clearly be unwise to attempt to set up at the present time a definite plan of men and methods for policy making and accomplishment. I am, therefore, asking for a lump-sum appropriation of \$225,000 to create a staff to do this work in the office of the Secretary. Later, as experience accumulates, it should be possible to define particular positions and duties with some degree of certainty.

He is asking this House to give him \$225,000, and, according to his own statement here, he does not know what the duties of these individuals are to be. Generally it is to help promote business according to the statement of the Secretary of Commerce, but I say to the membership of this House that the whole idea of the Department of Commerce, the entire \$32,000,000 that we give them, is given to them upon the theory that they are to aid and assist business, and if the

present Secretary of Commerce can do it for \$225,000, then why give him \$32,000,000? It seems to me to be a most unusual and unreasonable request, and there is a certain amendment, No. 30, which has some bearing on this, and at the proper time I shall ask the membership of the House to vote down the agreement to that particular amendment.

Mr. ELSTON. Are these 62 extra employees to be selected from the civil-service list?

Mr. CARTER. They are not. I believe some of them are to be selected from the civil-service list, but all of the higher salaried positions are to be exempted from the civil-service list. I believe I am correct in that statement.

Mr. THOMAS S. McMILLAN. The gentleman is correct.

Mr. CARTER. Mr. Speaker, I think that is all I have to call to the attention of the House at this time.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, I trust my discussion of this question will not be considered an invasion of the functions and power of the Committee on Appropriations.

To my mind, the most substantial offer of appeasement of business—and of course there has been much discussion on that—was the appointment of Edward J. Noble as Under Secretary of Commerce. Edward J. Noble is an outstanding businessman, a man who won his spurs in the business world. Incidentally, he is a Republican. I have watched with a great deal of interest the Department of Commerce in the past. In brief, this appointment of Mr. Noble means that the business world of America would have a friend at court. Hopkins has the ear of the President and Noble, obviously, has the ear of Hopkins. It makes a definite life-line between business and the gentleman in the White House.

I said a moment ago that I held no brief for the past performance of the Department of Commerce. I have had some close-ups on it. I think it has been rather apathetic and colorless, but now we have in the office of Under Secretary a man who is a Republican, and the purpose of whose appointment is to make rapprochement, as far as possible, with business in the United States.

Now, obviously, Mr. Noble, as Under Secretary, cannot make that rapprochement with the political or hack employees that are at present in the Department. Expert assistance is needed to strengthen his right arm and accomplish the very purpose for which the gentlemen on my side of the aisle generally contend.

I believe this is a constructive proposition in the interest of America. When the President holds out, even remotely, an olive branch to industry, as he does in this case, for God's sake do not let the gentlemen on my side of the aisle "look a gift horse in the mouth."

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I yield.

Mr. CARTER. Does the gentleman know what Mr. Noble is going to require those men to do?

Mr. CULKIN. Of course, it is obvious. The gentleman has heard my statement. I regard the past performance of the Department of Commerce under Secretary Roper as colorless, and, in a sense, pathetic; but here is a businessman of high caliber and great cruising range—a Republican who is put into this office for the purpose of doing a job. I do not guarantee he will do a job or that he will be permitted to do a job, but I do guarantee that he will make every effort to bring about this suggested rapprochement with business which is the thing which this country needs if it is to get on an even keel.

Mr. CARTER. Mr. Speaker, will the gentleman yield further?

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. CARTER. Will the gentleman yield further?

Mr. CULKIN. I yield.

Mr. CARTER. What is the whole idea of the Department of Commerce if it is not to promote, aid, and encourage business? What are you going to do with the other \$32,000,000?

Mr. CULKIN. Of course, it is a large Department and it was a powerful Department under former President Hoover. Then it functioned admirably. These appointments, as I understand it, are necessary in order to get this Department out of the existing rut and existing bureaucracy. This \$160,000 is for the purpose of hiring real experts who speak the language of business. That is the only way I can answer the gentleman. Of course, the gentleman is attempting to be facetious and getting nowhere, at least with me.

Mr. CARTER. I am attempting to get some information. If the gentleman has it, I would like to have him give it to the House, but what I am at a loss to understand is, if business can be revived for \$225,000, why are we to spend \$32,000,000?

Mr. CULKIN. No; I beg the gentleman's pardon. It is \$160,000. That \$160,000 may, in connection with the re-approach to business, under the auspices of Noble, who is in a sense the de facto Secretary of Commerce, be the thing that sets the machinery going. At least, it is a hope. I repeat, it is the first definite piece of appeasement I have seen on the part of the administration.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. No; I cannot yield. So I say that the gentlemen on my side of the aisle who are definitely the spokesmen, and justifiably the spokesmen of business, should not look a gift horse in the mouth, or get in the role of "semicolon boys."

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. No; I cannot yield. I am sorry. That is my definite view on it. In my judgment, it is a sane construction of the situation. This procedure will bring about rapprochement with business in the country. It will aid industry. This measure may be the very thing that will set the wheels turning in America.

I urge the House to support the pending motion of the gentleman from South Carolina [Mr. McMILLAN]. [Applause.]

The SPEAKER. The time of the gentleman from New York has again expired.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, we should give particular attention to the item to which my colleague, the ranking minority member on the subcommittee, discussed a moment ago, the item of 62 additional employees asked for by the Secretary, employees additional to those your committee provided in the bill as it passed the House.

The Members should know that all of the subcommittee, both the majority and minority members, are not agreeable to this new item in the bill. It comes to you as a sort of compromise with the Senate. You should know also that we had no information about this new item. We held hearings for 4 or 5 weeks on this bill, exhaustive hearings, but neither your chairman nor other members of the subcommittee heard anything about this item until we reached the conference with the Senate. I think every member of the subcommittee loves the gentleman from South Carolina, Tom McMILLAN, our chairman. We think a great deal of him. But I do not think his heart is for this item. I cannot recall one time, Mr. Speaker, when there was one word of politics spoken or even intimated in these long hearings on this gigantic appropriation bill, and it is gigantic in reality. As the bill went to the Senate it carried \$32,000,000 for the Department of Commerce, but when we went into conference with the Senate we found that the Senate had held hearings on these three bills that covered about 150 pages. The House hearings covered over 1,000 pages; and we found in the bill as it came from the Senate \$226,000 added to the \$32,000,000 of the House bill.

Let me explain that. Mind you, your own committee which has to check on your appropriations, always cutting down appropriations, usually finds, when it goes into conference with the other body of this Congress, that the other

body has made increases in the bill and we have to compromise, we have to recede, and we have to insist; but I want to tell you that the gentleman from South Carolina, Tom McMILLAN, and your committee did not recede on everything. There was an item, however, about which we knew absolutely nothing, about which we felt we ought to know something; and we objected; we were constrained to object. Now listen to what they want to do over there. Civil service is not involved, for every one of these jobs over \$7,000 is going to be approved on the other side of this Capitol, and there will be some mighty fine jobs.

The gentleman from New York who preceded me took exception to the action of the members of the minority, saying they were not good to business. We feel that the appropriations we are making, over thirty-two millions for the Commerce Department, and the additions we are making in the Commerce Department are generous. We provided them with considerable money, gigantic sums, to play ball with business.

They told us in our hearings that the Commerce Department has been without a rudder, and that perhaps some of these dollar-a-year men have not been doing anything. We do not know, but we provided them with money. They told us they wanted to go out and hire a lot of dollar-a-year men, or men who are getting \$50,000 a year in private business, and give them \$9,000-a-year jobs in the Commerce Department. To do what? We do not know, but we would like to have some information; we would like to have it justified; the House is entitled to some information. So some of our Members compromised on it and cut the amount to \$160,000 instead of \$226,000.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 additional minutes to the gentleman from Nebraska.

Mr. STEFAN. We think this item ought to be stricken until the House gets some information. The taxpayers who will have to pay should know.

Now, talking about checks, we have to check on many things. Your committee should be complimented on not agreeing to some of the items.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. STEFAN. I shall be pleased to yield.

Mr. TABER. Is it true that a lot of Department of Commerce money was attempted to be used to help out the farmers of South America to grow things to compete with the agriculture of the United States?

Mr. STEFAN. I will discuss that. I thank the gentleman for asking me that question. We were required to yield on some things, but we did not yield on that item.

The item in which the gentleman is so much interested is one on which we did not yield. It was brought out in the hearings before the House committee that the State Department wanted \$39,000 or \$40,000 to translate into Spanish and Portuguese pamphlets, books, and Lord knows what else, to send to the farmers and people of South and Central America and broadcast all over Latin America. They had before us scores of these pamphlets teaching people how to grow more cotton, more beef, more lard, more wheat. Your committee should be complimented for taking that item out of the bill. When we got into the conference room with the Senate conferees, however, we found that item was put back in the bill. Your chairman and the entire membership of your subcommittee fought against that item, and it was stricken from the bill; the Senate conferees receded.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. CASE of South Dakota. Can the gentleman tell us whether there was any evidence before his committee that the Department of Commerce was paying the salaries of employees and lending them to other branches of the Government—the White House, for instance?

Mr. STEFAN. Yes; it has been done.



Mr. CASE of South Dakota. Can the gentleman tell us whether this item for an increase in the number of employees for the Assistant Secretary, and the other employees, means that money will be appropriated to the Department of Commerce to pay the salaries of employees to be lent to other agencies?

Mr. STEFAN. Throughout the consideration of this bill—and I want again to compliment the chairman of this committee who took it upon his own shoulders to fight against that practice—throughout the consideration of this bill such practice was condemned. I think the entire membership of the House, and particularly the members on the Committee on Appropriations should watch each item, because the practice of lending employees by different departments leaves us no check upon how the money we appropriated is being spent.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. STEFAN. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. We on the Republican side appreciate that the vital need today is to lure money not into Government bonds but into private business. We are willing to do everything we can and vote for everything we can that will accomplish that. But I wonder if the gentleman who is discussing this so ably heard the previous speaker say that this proposal to add to the Department of Commerce is a "gift horse." I wonder if the gentleman who is now speaking does not think that in fact the "gift horse" may prove to be a hollow wooden horse such as they led into the city of Troy, filled with men who will be let out in 1940 to destroy us? [Applause.]

Mr. STEFAN. I thank the gentlewoman from Illinois. May I say to her that in the consideration of this bill in conference we were more impressed by the importance that Members of the Appropriations Committee in appropriating taxpayers money should absolutely know what the money is going to be used for before we give our stamp of approval on something that has been ill-considered. We should look at the teeth of the horse before buying it.

Miss SUMNER of Illinois. Was the question asked by the committee whether the duties of these new job holders might not to be to "spend, tax, and elect?"

Mr. STEFAN. We do not know what they are going to do. All they want to do is to appoint somebody about whom we do not know anything, and I must oppose this item.

[Here the gavel fell.]

Mr. RABAUT. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Speaker, I think we all agree that the Appropriations Committee of the House of Representatives is a truly great committee. Certainly the subcommittee which is responsible for this bill and for the conference report we are considering is up to the high standard of the subcommittees which have made the Appropriations Committee justly famous. There is no man for whom I have greater admiration and more sincere affection than the distinguished chairman of this subcommittee. The individual members of this subcommittee are in the same class with its chairman. But I believe sincerely that in amendment No. 21 as set forth in their conference report at the bottom of page 2, they have not done a job that is up to their standard.

The attention of my colleagues on both sides of the aisle is most earnestly invited to the matter I shall strive to present in the few minutes allowed me. This is not in any sense a partisan matter. It is one of considerable importance, relating, as it does, to the probation officers and service of the United States district courts.

I do not criticize our Appropriations Committee for having, under the guise of a limitation, engrafted what is to all practical intents and purposes a legislative provision on an appropriation bill. Nor am I the least bit jealous of the prerogatives of the Committee on the Judiciary, of which I happen to be a member. But I submit that this amendment No. 21 is wrong, no matter from what viewpoint it may be seen.

If the judges of our United States district courts are not qualified and competent to select probation officers to work under them in their own courts, then their appointing power should be taken away from them by appropriate legislation.

By the law of the land the right to appoint probation officers has long been vested in the judges of our district courts. The Committee on the Judiciary has during this session of Congress had occasion to consider fully and carefully whether this right of appointment should be taken away from the judges and lodged elsewhere. The conclusion was reached, I believe unanimously, that this power should be left where it is—in the judges.

The Committee on the Judiciary, however, and Congress has always realized that the Department of Justice and its parole board is, of course, interested in the proper functioning of the probation officers. It is clear that standardization of procedure, practice, and reports of the probation officers is desirable. Hence it was provided by the act of Congress approved June 6, 1930, section 2:

The Attorney General or his authorized agent, shall investigate the work of the probation officers and make recommendations concerning the same to the respective judges and shall have access to the records of all probation officers. He shall collect for publication statistical and other information concerning the work of the probation officers. He shall prescribe record forms and statistics to be kept by the probation officers and shall formulate general rules for the proper conduct of the probation work. He shall endeavor by all equitable means to promote the efficient administration of the probation system and the enforcement of the probation laws in all United States courts. He shall incorporate in his annual report a statement concerning the operation of the probation system in such courts.

This authority granted the Attorney General or his authorized agent has been exercised wisely and tactfully. It has resulted in more uniformity than could have been attained otherwise and in general it has been beneficial.

But it is manifest from a reading of this statute that it did not minimize nor interfere with the right of the judges to appoint their own probation officers. It did not confer upon the Attorney General any right to dictate who the appointees should be; nor to prescribe their qualifications; nor to stop their pay. In 1937, however, without reference to any legislative committee, the Appropriations Committee wrote a provision into the appropriation bill for the then ensuing fiscal year as follows:

*Provided further*, That no part of any appropriation in this act shall be used to defray the salary or expenses of any probation officer who does not comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Under this authority under date of January 18, 1938, Circular 3072 was issued prescribing "minimum standards for United States probation service." It comprises six pages. Substantially the same provisions were carried forward into the appropriation bill approved in 1938; and in the present appropriations bill, H. R. 6392, in conformity with the suggestion of one of the witnesses from the Department of Justice, the following quoted provision was inserted in this bill—lines 5 to 11, page 46:

*Provided*, That no part of this sum shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the standards promulgated by the Attorney General, and no part may be used for the payment of compensation of new probation officers who, in the judgment of the Attorney General, did not have proper qualifications as prescribed by him.

After the bill had been passed by the House the Senate struck out the last quoted provision. In the ensuing conference amendment 21 was agreed upon in lieu of the stricken language. It reads as follows:

That no part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General: *Provided further*, That no funds herein appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have so far as possible required the appointee to conform with the qualifications prescribed by the Attorney General: *Provided further*, That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts.

While it is true that the concluding proviso of the amendment says that nothing therein contained shall be construed to abridge the right of the district judges to appoint probation officers, or to make such orders as may be necessary to govern probation officers in their own courts, nevertheless it provides that no funds appropriated shall be used to defray the salary or expenses of any probation officer unless the district judge shall have, so far as possible, required the appointee to conform with the qualifications prescribed by the Attorney General and that no part of the appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General. Therefore, it does seek to limit the right of the judge to appoint the man he thinks best qualified for the position, by requiring the judge, as far as possible, to require the appointee to conform with the qualifications prescribed by the Attorney General, and it further requires the work of the probation officer to comply with the official orders, regulations, and probation standards promulgated by the Attorney General. In other words, while this amendment declares that it is not to be construed as abridging the right of the district judges to appoint probation officers, it actually does so. And, furthermore, it substitutes the Attorney General for the judge in the supervision of the work of the probation officer.

I come back to my original proposition. If judges are not competent to select qualified probation officers to work under them, then their appointing power should be revoked. But if we leave the appointing power in them, we should not indirectly make it subject to the veto of the Attorney General. If, after full consideration, Congress deems it wise to take this appointing power away from the judges and give it to the Attorney General that would be infinitely more satisfactory to the judges than this provision which, in effect, makes the judges and the probation officers of their appointment subject to the orders of the Attorney General both before and after appointment.

Mr. RABAUT. Will the gentleman yield?

Mr. HOBBS. With great pleasure.

Mr. RABAUT. There is only one page of the report that deals with qualifications.

Mr. HOBBS. There are six pages of so-called probation standards, and in the amendment you require compliance therewith or no money.

Mr. RABAUT. Only one page.

Mr. HOBBS. I beg your pardon, sir, I have it before me.

Mr. RABAUT. The qualifications of the appointee are all on one page.

Mr. HOBBS. Whether on one page or more is not significant. I cannot take the time now to read it but you do require the probation officer to conform as far as possible with the qualifications prescribed by the Attorney General although you say that the right of the district judges to appoint probation officers shall be unabridged. This seems to me incongruous.

Mr. RABAUT. Whose qualifications do not conform?

Mr. HOBBS. The qualifications of the probation officers.

The House will be interested, I believe, in these specifications of the qualifications of probation officers as promulgated by the Attorney General:

(b) They should be graduates of a college or university of recognized standing or have equivalent practical training in probation work or an allied field. One year of study in a recognized school of social work may be substituted for 2 years of college training.

(c) They should have at least 2 years' full-time experience in probation work or 2 years' full-time experience as a case worker in an accredited professional family-service agency or other social case-work agency, or equivalent experience in an allied field.

(d) They should not have reached their fifty-third birthday.

Mr. RABAUT. If the gentleman will yield. He does not go out at 53, he cannot go in at 53.

Mr. HOBBS. You may so construe the provisions of this amendment, but I am not sure that your construction is the correct one. It may mean that they must go out at 53.

My interpretation of the qualifications promulgated by Attorney General Cummings, which I have quoted, is that the Department of Justice intends that social uplifters will eventually have all these jobs. The term "allied field" means anything which the official construing it may wish it to mean.

Mr. KERR. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I am delighted to yield to the gentleman from North Carolina.

Mr. KERR. Does not my friend, who is a very astute and good lawyer, think that the last proviso of this statute bridges the trouble of which he complains? It is distinctly stated there—

*Provided further, That nothing herein contained shall be construed to abridge the right of a district judge to appoint probation officers or to make such orders as may be necessary to govern probation officers in their own courts.*

Mr. HOBBS. That was the sop you threw to Cerberus in order to reach agreement with the Senate conferees—

Mr. KERR. Is that the way the gentleman construes that item, by making that answer to me?

Mr. HOBBS. I beg the gentleman's pardon. I certainly did not mean to give offense. I hold you, sir, in the highest esteem and most affectionate regard, and nothing was further from my thought than to be disrespectful. But I sincerely think that the concluding proviso of the conferees' amendment, which I am criticizing, was put there to appease the Senate conferees.

Mr. KERR. Is not the force of that still that it leaves the law just as it is now and just as the gentleman wants it?

Mr. HOBBS. If I thought so, I would not have risen today. It is perfectly clear to my mind that the first two provisos of the amendment render the third of practically no effect.

The House and the Senate conferees having reached an agreement upon amendment No. 21, I realize fully that the parliamentary situation inhibits action on this amendment. The Parliamentarian tells me that we must vote the conference report up or down. In view of the importance of this bill, making appropriations as it does for the Departments of State, Justice, and Commerce, and for the Judiciary, I do not think that this conference report should be voted down. I am not asking for any such action. I appreciate deeply the time which the committee has granted me so that I might bring this matter to the attention of the House. I sincerely hope that next year the eminent members of this subcommittee will eliminate from the then pending appropriation bill all such provisions as those contained in amendment No. 21. The judges may safely be trusted to exercise the power of appointing probation officers wisely and to cooperate fully with the Department of Justice in improving a good probation service. They know the conflicts to be dealt with. They hear the evidence in the cases. Above all, they know the men they appoint, and are in the best possible position to supervise their work.

[Here the gavel fell.]

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein the minimum standards for the United States Probation Service promulgated by the Department of Justice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, to make sure that everyone has a proper appreciation of what the controversy is with respect to the Department of Commerce appropriation bill, let me set it before you as succinctly as I possibly can. The House wrote in for salaries for the Commerce Department \$381,500. The Senate increased that to \$606,500, with the proviso that \$133,500 is to be earmarked for experts and specialists, who may receive up to \$9,000 per year, and if they receive in excess of \$5,000 per year they must be nominated by the President and confirmed by the Senate.



I almost approach this apologetically because of the genial disposition of my good friend from South Carolina.

Mr. THOMAS S. McMILLAN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from South Carolina.

Mr. THOMAS S. McMILLAN. May I say that that amount has been increased to \$7,500 from \$5,000?

Mr. DIRKSEN. Very well, that means then that the Senate confirmation applies only in case of those receiving over \$7,500. However, the point I want to get before the House is this: Why should we give the Secretary of Commerce these additional funds? There are 145 employees in the office, or there were on the 1st day of March, out of a total of 12,357 in the Department. If there were good reason for this I would not oppose it, but fancy diminishing the functions of the Department and at the same time asking for more experts and more specialists. Do you not remember, and does not my genial colleague from Illinois, the fair lady, remember when we had reorganization plans No. I and No. II on this floor? And what did they do to the Department of Commerce? In the first place, they transferred all the functions relative to foreign commerce from the Commerce Department to the State Department. I do not exactly know how many are involved, but there are 1,246 people in that entire department.

The Secretary's functions with respect to foreign commerce were transferred to the State Department. The Lighthouse Bureau was transferred to the Treasury Department and consolidated with the Coast Guard, and so 4,800 more employees who were previously under the Secretary of Commerce are now under the jurisdiction of the Treasury. The Bureau of Fisheries was transferred from Commerce to the gentleman who presides over the destinies of the Department of the Interior, and so 530 additional employees have been taken out of Commerce and put into Interior. In 1938 air commerce was put in Civil Aeronautics, involving sundry hundreds of people. We have stripped it of many of its functions, replacing them in part by transferring Inland Waterways to Commerce, but we have reduced the personnel, we have reduced the functions, and yet they would like to have more coordinating personnel in the Secretary's office.

They say these are to be experts, they say these are to be specialists, I suppose, in order to carry out the doctrine of appeasement which was so optimistically advanced here by our good friend the gentleman from New York [Mr. CULKIN]. I wish I could accept that rather roseate idea of the matter. The trouble is he has his mythology and his literature mixed up. He stood here and asked why we should look a gift horse in the mouth. Well, it occurs to me, after conferring with that great litterateur from South Dakota [Mr. CASE], it was David Harum, who said you always ought to look a gift horse in the mouth. So really we ought to look this gift horse in the mouth and not be too optimistic or sanguine about the pipe line of appeasement that is going to go from the Department of Commerce to the businessmen of the country.

If you need any proof on this point, there are 50 members of the Business Advisory Council who have not been able to get anywhere through the Secretary of Commerce. I talked with one of the members of the council not more than 3 weeks ago in Washington, who told me they have worked diligently and faithfully in the interest of business and in the interest of prosperity and in the interest of recapturing recovery for this country, and yet when they filed their reports every report went into a pigeonhole and that is about as far as appeasement has got, and some of them have resigned because they could not get any cooperation.

Will \$133,000 worth of experts and specialists be any assurance or any guarantee that there is going to be a higher degree of cooperation in the future than we have experienced up to now?

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield the gentleman 1 additional minute.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. Does not the gentleman from Illinois [Mr. DIRKSEN], who knows business and businessmen, fear that businessmen will find that this is not a policy of "appeasement," but a policy of "encirclement"?

Mr. DIRKSEN. Well, adopting the terminology of international complications, that might be.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to my optimistic and philosophical friend from New York.

Mr. CULKIN. Does not the gentleman know that Mr. Noble, assuming he is to be a factor in the situation, as yet has had no such opportunity? He has not even got his feet warm, and since he is to be the de facto Secretary of Commerce and being a Republican, should he not be given a chance to work this out?

Mr. DIRKSEN. I am afraid that Mr. Noble, who now becomes the Under Secretary down there, is going to be thoroughly disillusioned before it is all over—it is not going to work out so well after all. [Laughter and applause.]

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, from the debate that has been carried on for the past 30 or 40 minutes I believe the membership is aware that there are only one or two items in the conference report to engage the attention of the House. One of them has to do with the provision of \$160,000 which the committee has agreed to in conference in connection with the Department of Commerce.

Now, what are the facts? This item, Mr. Speaker, was submitted to the Senate by a regular estimate from the Bureau of the Budget. It provided for the sum of \$225,000. It was adopted, I may say, in the Senate by a 2-to-1 roll-call vote, and in that vote you will find some of the Republicans of the Senate joined in. The matter went to conference, and in conference—what was the position of the House conferees? This matter, as I say, went to the Senate by an estimate from the Budget after the bill had passed the House. Our committee had no opportunity to discuss the provision in our hearings, but when the estimate was submitted to the Senate there were full and detailed hearings held by that body.

In conference we agreed to reduce the amount to \$160,000, primarily, I may say to the Members of the House, because it was not set forth either in the estimates or in the hearings exactly for what this fund was to be used.

We cut them in conference to \$160,000, a saving of some \$65,000 under the Budget estimate.

The Department of Commerce, if it means anything to the people of this country, was established and founded to promote trade and commerce in this country and abroad. At a time like this, with conditions that we have faced in this country for the last several years, if there is anything that the American Congress should do it is to undertake to promote trade and commerce by providing adequate appropriations to accomplish that purpose. When we hear men quibbling over a question of this sort, I am not so sure whether we are certain about the purposes or the spirit that is behind this movement here today to delete these items from the bill. This is no time, in view of conditions we have experienced in the past several years, to be here quibbling on a question of this sort. Your Republican, Mr. Noble, down there in the Department of Commerce, a great businessman, with wide experience, comes here before this Congress and makes a plea without regard to any party affiliation, to undertake to help business along in this country by the addition of some fund such as has been requested here, and I say that it is rather poor taste for us here in Congress to be questioning a matter of such importance.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. I must say to my friend that I have given about 45 minutes to gentlemen in opposition to the conference report, and I have some other ques-

tions to cover. However, I yield to the gentleman from California.

Mr. CARTER. Mr. Speaker, I have heard the name of Mr. Noble mentioned here in connection with the administration of this fund for the first time. I have read the hearings, and so far as I am concerned, if it were stated in the hearings that Mr. Noble was to have anything to do with the administration of this fund, I have completely overlooked it.

Mr. THOMAS S. McMILLAN. Mr. Speaker, if the gentleman will read the prepared remarks made by the Secretary of Commerce, as well as his remarks to the Senate committee, he will find that he told the Senate committee that Mr. Noble, the Under Secretary, was present and that he would have greater knowledge of details in respect to this item. So much for that, Mr. Speaker.

One other question is in regard to the matter of the probation system and the appointment of probation officers. There is an item of some \$800,000 carried in this bill—and it has been for a period of years—to provide for the administration of the probation system of this Government. This system, like many others, has been expanded, and, I am glad to say, popularized on the part of the people of this country. There is no provision of law which regulates the qualifications of these probation officers. The judges, under the Organic Act, have the right to appoint these probation officers. We admit that; but at the same time these probation officers are charged as well with the administration of our parole system, with which the judges of this country have absolutely nothing to do. The prisoners are on parole as a result of a recommendation of the Parole Board, and these probation officers are charged with the duty of keeping track of these parole cases as well as of the probation system. So, Mr. Speaker, I contend, and so does our committee, that with \$700,000 or \$800,000 expended annually in connection with this system there should be, as a matter of fact, some set of standards, some rules, in respect to the qualification of these probation officers. If it were left to each of the judges of the country—and there are 189 of them—it is my belief that there will be 189 different views on the part of the judges of this country in respect to the qualifications these probation officers should have. A questionnaire was submitted to these district judges over the country, and the record shows that of the 90 that have been heard from only 2 favored some other system. Eighty-eight, as I understand from the record submitted to our committee, either favored the system now in operation or some system that would assure proper standards for the probation officers.

Mr. RAMSPECK. Is it not true that one of the judges appointed his chauffeur as a probation officer?

Mr. THOMAS S. McMILLAN. That is the information that the committee had. I emphasize the point that we must, when we are spending \$700,000 or \$800,000 a year, under a system such as this, as a matter of right, expect some sort of qualification or standard of some character, with reference to these men, to which they must measure up.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. THOMAS S. McMILLAN. Yes.

Mr. CASE of South Dakota. Does not the gentleman think that, as a matter of justice, the probation officers should be officers of the court, rather than officers of the prosecuting attorney?

Mr. THOMAS S. McMILLAN. This officer is an officer of the court. We make no attempt to deny the judge the right to appoint his probation officer.

Mr. CASE of South Dakota. The gentleman overlooks the language, which says:

No part of this appropriation shall be used to defray the salary or expenses of any probation officer whose work fails to comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Mr. THOMAS S. McMILLAN. But the gentleman overlooks the further language:

That nothing herein contained shall be construed to abridge the right of the district judges to appoint probation officers in their own courts.

There is nothing that could be clearer than that. I repeat, that these are the only two matters in this conference report that there seems to be any controversy about. I think I have sufficiently explained them. I hope so.

To repeat, the only agency of this Government where there has been a department for the purpose of trying to promote trade and commerce in this country is the Commerce Department, and of all times in my experience in Congress there has been no time when business and industry needed help more than now, and here we are quibbling over this sort of an item.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. CARTER) there were—ayes 59, noes 57.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 17: On page 37, line 21, after the figures, insert a colon and the following: "Provided, That none of this appropriation shall be expended for the establishment and maintenance of regional offices of the Antitrust Division: *Provided further*, That in the expenditure of the funds herein appropriated for the presentation or prosecution of cases under the antitrust laws such presentation or prosecution shall be in cooperation with the respective Federal district attorneys of the districts in which such cases are presented or prosecuted: *Provided further*, That any person appointed at an annual salary of \$5,000 or more shall be appointed by the President by and with the advice and consent of the Senate."

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move that the House recede from its disagreement with Senate amendment No. 17 and concur therein with an amendment, which I send to the desk.

The SPEAKER. The Clerk will report the motion of the gentleman from South Carolina.

The Clerk read as follows:

Mr. McMILLAN moves that the House recede from its disagreement with Senate amendment No. 17 and concur therein with the following amendment: In lieu of the matter inserted by the Senate amendment insert the following: "Provided, That none of this appropriation shall be expended for the establishment and maintenance of permanent regional offices of the Antitrust Division: *Provided further*, That any person hereafter appointed at a salary of \$7,500 or more and paid from this appropriation shall be appointed by the President, by and with the advice and consent of the Senate."

The SPEAKER. The question is on agreeing to the motion.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. CALDWELL].

Mr. CALDWELL. Mr. Speaker, it is with a great deal of regret that I find myself in disagreement with the distinguished and capable chairman of the subcommittee. After an experience of several years as a member of his subcommittee, this is our first substantial difference.

The question involved is, however, a matter of vital importance to the House. It is a very simple question. It is one that can be decided without a great deal of argument.

Boiled down, that question is whether the House is willing to again abdicate in favor of another body. If you state it another way, it can be said to be this: Whether or not this House is again to yield its rights and prerogatives, its dignity, and, to some extent, its integrity to the Senate.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. CALDWELL. I yield.

Mr. REES of Kansas. Have we not been doing that right along?

Mr. CALDWELL. If the gentleman had listened to my words, he would have heard me say that this is just another step.

Mr. REES of Kansas. Oh, yes.

Mr. CALDWELL. In all frankness, I think that the House should maintain its position. I have particular reference to the language in this amendment which authorizes the Senate to confirm all appointments carrying salaries of \$7,500



and more. That, of course, means that you yield to the other branch of the Congress the right to confirm all appointments, because once the power of selection is given to that body to determine who is to receive \$7,500 and more, you automatically deliver over to that body the right to determine who is to receive less than \$7,500. But I think this is a broader question than the question of patronage, about which I am not personally concerned. But I say to you, if you value this thing called patronage, you are yielding it once and for all in the adoption of this amendment.

This trend developed back about 1935, when the Social Security Act was before Congress. At that time an amendment was offered placing all appointments of \$5,000 and over subject to confirmation by the Senate. It was said then, in justification, that a great many people had been named to places in the Social Security Division who were incapable and who ought not be appointed. So we yielded with the understanding at that time that that action was not to be construed as a precedent for future action. Yet, what happened? The Social Security Board sent to the Senate 200 names—I think that figure is correct—and the Senate confirmed every person whose name was sent up. So this string that you say ought to be attached, this string that you say Congress ought to have on appointments, is, after all, a rather weak one. But I am not concerned, as I said a moment ago, with the question of patronage. I am concerned with this growing tendency to yield the rights and privileges of this House to the other branch of the Congress or to any other division of the Government.

We ought to stop now and stand on our own feet, and I sincerely hope that the motion to recede and concur will be voted down and that we may then adopt the motion to insist upon the position of the House.

[Here the gavel fell.]

(Mr. CALDWELL asked and was given permission to revise and extend his remarks.)

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, reluctantly, after four trips to a conference, we yielded on this provision of Senate confirmation of positions paying \$7,500 or more in the Antitrust Division. There will not be many positions affected by this confirmation provision. We have allowed an increase of about \$510,000 for the Antitrust Division for next year, and some of the high-salaried attorneys to be appointed will be subjected to confirmation. I think no one was more opposed to it than I, but, after making four trips to a conference and spending part of several days there, one necessarily makes some concession if an agreement is to be reached. This was the concession that we made.

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, I, like my friend from Florida, hate to disagree with my beloved friend from South Carolina.

I also have to disagree with my beloved majority leader. However, I think they are both wrong. There is no reason in the world that I can think of why we should agree to the provision which the Senate has written into this bill. The gentleman from Florida has told you of the experience we had with reference to the Social Security Board employees. We are proposing here to put a duty on the President of the United States, which he does not want and which we ought not to impose upon him, to make the selection of every employee and send his name to the Senate for confirmation. I refer to every employee who gets \$7,500 a year or more.

My construction of the language is that it is made permanent law, because it says "Hereafter."

Mr. THOMAS S. McMILLAN. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from South Carolina.

Mr. THOMAS S. McMILLAN. If the gentleman will read the amendment, it specifically says "paid from this appropriation."

Mr. RAMSPECK. Yes; I grant that, but I know how the Comptroller General can construe those things. We have some things now as permanent law in this country that were written just like this, as riders on appropriation bills, things which were explained on the floor as being temporary and applying to one appropriation; yet they go down through the ages as permanent law until the Congress repeals them.

Mr. McCORMACK. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We have the experience of the Senate trying to encroach upon the constitutional rights of the House in initiating tax legislation. We have that experience two or three times a year, and at times we have to pass a resolution refusing to accept a bill. It is a question of protecting our own rights as Members of the House of Representatives.

Mr. RAMSPECK. I agree with the gentleman from Massachusetts. I am not going to abrogate the rights of the Members of the House of Representatives to the Members of the United States Senate, and that is what we are doing in this case. Every time an appropriation bill goes over there they try to put a rider of this sort on so that they may control everything and have all the power in the executive branch of the Government, so they can tell people what to do and what not to do. The Congressmen get no consideration whatsoever. As far as I am concerned, I am not going to vote for any motion which gives the Senate the right to confirm anyone, except the constitutional officers, for which our forefathers provided confirmation by the Senate.

Mr. COCHRAN. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Missouri.

Mr. COCHRAN. Does not the gentleman feel that the time has arrived to act instead of talking?

Mr. RAMSPECK. Exactly.

Mr. COCHRAN. Is it not a fact that by degrees the Senate is getting control of all the key positions of the Government and those who are confirmed by the Senate will take care of the Senators and ignore the Congressmen?

Mr. RAMSPECK. I do not think there is any doubt in the world about that. The gentleman from Florida pointed that out, and it is unquestionably true if the Senators can control the \$7,500 jobs they will inevitably control every job under that \$7,500 man. It simply means that the House of Representatives has abrogated its honor, its dignity, and its position as a coordinate branch of the Congress, and I hope the House will vote down the motion.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. CARTER].

Mr. CARTER. Mr. Speaker, I am very much in sympathy with the attitude of the gentleman from Florida and also the last speaker in reference to this motion. I think it should be defeated, on account of the effect it may have on people who have picked the civil service as a career in this Government. These civil-service employees will see men who have never served the Government in any capacity being brought in here for the better jobs. As pointed out by the last speaker, there are certain constitutional positions where Senate confirmation is necessary, but I am certain that the makers of our Constitution never intended that positions of this kind should receive Senate confirmation, and I for one am for having the House of Representatives stand squarely on its rights. I trust the House will refuse to agree to the amendment that has been offered.

[Here the gavel fell.]

Mr. THOMAS S. McMILLAN. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, let us, if we can, strip this question of all party feelings and affiliations. Let us strip the matter right down to the bone.

We are dealing here with a question involving positions paying \$7,500 a year or more with taxpayers' money. Is it

reasonable to have a man or woman appointed to such a position where there is no check whatever upon the background or qualifications of such an individual? We should shear this thing of all partisan questions, and I am addressing my remarks to my Republican friends over there as well. The thing applies to you and to your party should your President be in power.

Mr. Speaker, let us divorce this entirely of all partisan consideration. I take the position that any man or woman appointed to a position in this Government paying a salary of \$7,500 a year or more should have the check of the Senate or somebody as to his or her qualifications. That is a fair, sensible, business proposition, and that is what prompted the committee to raise the amount to \$7,500. The Senate amendment provided \$5,000, and we increased it to \$7,500. Every third-class postmaster in America is confirmed by the Senate. Every ensign in the Navy and every second lieutenant in the Army drawing a salary of \$1,200 or \$1,500 is confirmed by the Senate. Yet we come here with a provision affecting jobs paying \$7,500 a year or more, positions involving responsibility, and there are only seven or eight of them in this bill, and you say that those men may be appointed without any action or confirmation on the part of the Senate. Mr. Speaker, that is an inconsistent position, and I want to tell the Members of the House and the country now that so far as I am concerned, on this question, whether the Democrats or Republicans be in power, I believe before any man or woman drawing \$7,500 or more a year is appointed some check should be made upon his or her qualifications by the Senate of the United States.

Mr. Speaker, I move the previous question.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from South Carolina [Mr. THOMAS S. McMILLAN]. The question was taken; and on a division (demanded by Mr. THOMAS S. McMILLAN) there were—ayes 80, noes 44. So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 30: Page 59, line 1, after the figures, insert a colon and the following: "Provided, That not to exceed \$133,500 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of \$9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said \$133,500 an annual salary of \$5,000 or more shall be appointed by the President by and with the advice and consent of the Senate."

Mr. THOMAS S. McMILLAN. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. THOMAS S. McMILLAN moves that the House recede from its disagreement to Senate amendment No. 30 and concur therein with the following amendment: In lieu of the matter inserted by the Senate amendment insert "": *Provided*, That not to exceed \$100,000 of this appropriation shall be available for expenditure by the Secretary of Commerce for personal services of experts and specialists at rates of compensation not in excess of \$9,000 per annum without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended: *Provided further*, That any person paid from the said \$100,000 an annual salary of \$7,500 or more shall be appointed by the President, by and with the advice and consent of the Senate."

The SPEAKER. The question is on the motion of the gentleman from South Carolina.

The motion was agreed to.

By unanimous consent, a motion to reconsider the several votes by which the various motions were agreed to was laid on the table.

#### EXTENSION OF REMARKS

Mr. McGRANERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by Hon. Francis E. Walter before the

Philadelphia Bar Association at its annual meeting on Thursday, June 22, 1939.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### URGENT DEFICIENCY AND SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6970) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; and pending that, I ask unanimous consent that general debate be limited to 80 minutes, the time to be equally divided and controlled by the gentleman from New York [Mr. TABER] and myself.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, I understand that is agreeable to the gentleman from New York.

Mr. WOODRUM of Virginia. I may say it is satisfactory to the gentleman from New York, and the gentleman from Massachusetts [Mr. WIGGLESWORTH] is present.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6970, with Mr. THOMASON in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, the bill before the House provides for only \$2,669,377. It is really so small that I almost feel like apologizing to the House for taking up the valuable time of the Members and preventing them from attending to more important business. However, I feel that we may be fairly well assured that before the bill is finally enacted into law it will grow and blossom into a real appropriation bill and uphold all the traditions of this Congress.

Seriously, Mr. Chairman, these matters I think are purely routine. I know of nothing controversial in the bill. When we get to reading the bill under the 5-minute rule I shall be pleased to answer questions unless someone wants to interrogate me at this point.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Georgia.

Mr. PACE. I notice that among the items appropriated for under the appropriation for the International Committee on Political Refugees there is an item for entertainment. I was wondering what the gentleman's view is on Congress' appropriating money for a committee of that type to spend on entertainment.

Mr. WOODRUM of Virginia. The International Committee on Political Refugees was set up by Executive order. The United States is collaborating with 32 other nations in an effort to work out the problem of international complications with reference to refugees. I do not know what this item for entertainment is.

Mr. PACE. Nothing appears in the hearings about it.



Mr. WOODRUM of Virginia. It is the customary item that goes with such appropriations; \$10,000 of that \$40,000 is the part America contributes toward the expenses of the joint committee of these 33 nations. There are only three salaried people on the pay roll. I may say to the gentleman that this is a very small item, and the committee feels that it is of considerable importance now. A number of American citizens are much interested in doing what can be done, consistent with the American position, to find out what can be done to take care of these unfortunate refugees.

Mr. PACE. I agree with the gentleman about the importance of the committee, but the idea of including in such an appropriation an item for the spending of public funds for entertainment purposes just did not strike me as right.

Mr. WOODRUM of Virginia. Every department of the Government has entertainment funds in its appropriation.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, yesterday the President of the United States addressed a letter to Senator BYRNES, which was released to the public, proposing an enormous spending program on alleged self-liquidating projects, all of which are self-liquidating in that the liquidation will immediately take place and we shall never get the money back. This program is nothing but a subterfuge to break down the Budget Act and to evade the statutory limitation on the public debt.

Early this year Secretary Morgenthau proposed that the national debt limit be raised from \$45,000,000,000 to \$50,000,000,000. This proposal provoked such hostility in Congress that the administration withdrew it. Now we find the Roosevelt administration undertaking to do through the back door what it was denied at the front door. Once the Budget Act and the statutory debt limitation are in effect wiped out, there is no safeguard against reckless spending.

Let us not fool ourselves. The President's program is nothing but another gigantic spending plan, pure and simple, this time to the tune of \$3,860,000,000. It is another effort at pump priming, which already has proved to be a costly failure. The projection of this program at this time is another confession on the part of the President of the New Deal's failure to start this country on the road to economic recovery. Apparently he is destitute of ideas, except for spending and lending. As Mr. Roosevelt said in his first inaugural address, those who can suggest nothing but the lending of the people's money "have no vision, and when there is no vision the people perish." Certainly he is now proving the truth of his utterance of 6 years ago.

An effort has been made to dress up this program as something new by reference to self-liquidating projects. We have heard of self-liquidating projects for years and we have had considerable experience with them. The trouble is that they do not liquidate themselves—nor will the items proposed in this program. Let us remember that the Commodity Credit Corporation was supposed to be a "self-liquidating" agency. Its losses to date total more than \$213,000,000. The Home Owners' Loan Corporation is supposed to be a self-liquidating agency. In its last annual report that agency states that its deficit "before full provision for losses which may be sustained in the liquidation of assets," totaled \$40,893,000. No man knows what the total loss for that agency alone finally will be. The President proposes more millions for the Farm Security Administration, but that agency now has on its books defaulted loans totaling \$42,000,000.

The R. F. C. also is described as a "self-liquidating" agency, but those with good memories will remember that a little more than a year ago Congress was called on to direct the Secretary of the Treasury to cancel some two and one-half billion dollars charged against the R. F. C. because of loans and advances made by that agency to other Government departments and agencies.

Most remarkable of all, however, is the fact that the President proposes the spending of \$750,000,000 during the next 4 years for "self-liquidating toll roads, bridges, high-speed highways," in the face of the report on that subject by the Bureau of Public Roads made to Congress only 2 months

ago. Theories about "self-liquidating toll roads" are blown sky-high in that report.

The Bureau of Public Roads surveyed the possibilities of building six superhighways as "self-liquidating" toll projects. The Bureau reported to Congress this conclusion: "that a direct toll system on these six superhighways, in their entirety, would not be feasible as a means of recovering the entire cost of the facilities." Indeed, the report showed that in many instances it would be impossible to recover through tolls as much as 40 percent of the cost of such projects.

None should be deceived by this sugar-coating about "self-liquidating" projects. Let it be understood from the beginning that a good portion of the funds which the President now wants the Government to lend will be, if made available, lost in the years to come and that these billions of dollars will have to be paid by taxes levied on all the people. They will constitute a part of the public debt just as surely as our present current deficits of \$10,000,000 daily. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, I rise at this time to call attention to two or three items carried in the pending bill.

In the first place, beginning at page 3, of the bill, you will find items aggregating \$98,000, which represent the salaries and incidental expenses of the six new White House secretaries, with the well known passion for anonymity. They, of course, represent a further item of saving in connection with the pending reorganization plans of the administration.

In the next place, on page 5 of the bill you will find an authorization for the use of \$75,000 by the Export-Import Bank of Washington. This bank, as you know, was set up for the purpose of financing exports and imports between this country and foreign nations.

I call the Committee's attention to the fact that the total commitments of this organization to date amount to something like \$241,000,000, and that of that total about \$101,000,000 of commitments are either outstanding or pending. The loans which have been made include loans to almost every nation in South and Central America, to Mexico, Latvia, Poland, Czechoslovakia, Yugoslavia, Rumania, Hungary, Turkey, Iran, Iraq, India, Africa, Australia, and other countries. They include loans of \$25,000,000 to a corporation in China and \$19,200,000 to the Bank of Brazil.

I call the Committee's attention in this connection to an editorial appearing in a recent issue of the Washington Post, the issue of June 20, to be exact, from which I quote in part as follows:

Announcement that the Export-Import Bank has agreed to advance credits to Paraguay to finance road construction in that country again raises a question that was asked when the Brazilian credit agreement was made public last March.

That question is how far the administration intends to go in providing capital and credit for South American countries that, to put it bluntly, are poor credit risks. At the present time approximately \$357,000,000 of dollar bonds issued by Brazil alone are in default. And taking Latin America as a whole, about \$1,350,000,000 of dollar bonds are either in partial or in complete default. \* \* \*

Before the Government of the United States devotes \$50,000,000 of its gold to developing the industries of Brazil, or agrees to assist Paraguay to improve her internal transportation facilities, Congress certainly should be consulted. For this is only a beginning. Other countries of South America are now pressing for loans. And the cordiality with which approaches are welcomed by our officials literally invites a stampede for funds. \* \* \*

Even if such loans are actually valuable in strengthening political ties, the policy is dubious. The fact that the Government of the United States has in the past kept its hands off private debt settlements between American and foreign investors has enabled us to avoid friction with a large number of foreign countries. Consider, for instance, the difference between our feeling toward nations in default on private debt account and those which, like the war-debtor nations, have failed to pay the Government. \* \* \*

Before we go much further in supplying capital to the undeveloped countries of Latin America it would be well not only to weigh the risks of loss but also to consider more carefully the possibility of political friction resulting from intergovernmental debts. The friendships bought by advancing loans are built upon very shaky foundations.

Mr. Chairman, I also call attention to the fact that this bill carries an appropriation of \$1,800,000 for the Federal Communications Commission for the fiscal year 1940. This item, of course, would normally be carried in the independent offices appropriation bill, which we considered and passed back in February.

At that time there was an enormous amount of criticism leveled at the door of the Federal Communications Commission. Remedial legislation had also been recommended by the President himself, and it seemed entirely probable that legislation after a thorough investigation would have been undertaken before now. The committee accordingly decided to include nothing in the independent offices bill for the needs of this agency during the next fiscal year.

I am not going to take the time to go into details on this occasion. I spoke at some length on this matter back on February 6, when the independent offices bill was before the House. But I do want to urge upon the Members of the House that they give consideration to the hearings in connection with that bill as supplemented by the hearings in connection with this bill. If they will do so, I am sure they will agree with Chairman McNinch of the Commission, himself, when he stated to your committee that we have today no national communications policy; this despite the fact that the Commission has been in existence since 1934 as successor to the Federal Radio Commission, created in 1927.

In my judgment, we have today no proper policy in regard to the issue and transfer of licenses. We have no proper policy in regard to the charging of fees for licenses issued to those making millions and millions of dollars out of those licenses today. We have no proper policy in reference to the matter of exclusive contracts, for example, with members of the three great chains in the country. We have no proper policy in respect of the issue of experimental licenses and their limitation to experimental work as distinct from commercial work. We have no proper policy in reference to the control of radio frequencies by the newspapers of the country. We have no proper standards of program service, despite the thousands of complaints received in this connection by the Commission. On the contrary, we have seen steps taken by the Commission recently, both in the domestic and international fields, which have served to level charges at their door of embarking upon censorship of both domestic and international broadcasting.

I quote in this connection a recent ruling of the Commission in reference to international broadcasting:

The licensee of an international broadcasting station shall render only international broadcasting service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation.

If that regulation, Mr. Chairman, strictly applied does not point the way to censorship, I do not understand the meaning of the term. I am glad to say that I understand consideration is being given to a modification of this regulation.

In these and other respects, in my judgment, the F. C. C. has failed to formulate major policies fundamental to the proper regulation of radio broadcasting.

In the hearings to which I refer you will also find, in my judgment, evidence of tendencies tending to destroy the proper functioning of the F. C. C. as a quasi-judicial agency, tending to destroy its independence as an agency, tending to bring it under executive domination in accordance with the proposal in the original Government reorganization bill a year ago, which excited such condemnation by the American people.

You will find there the discharge of the general counsel, with a new legal set-up less experienced and more costly. You will find there the discharge of the publicity head, with a new set-up less experienced and more costly.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. DITTER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WIGGLESWORTH. Mr. Chairman, you will find there also the abolition without consultation with the the Civil

Service Commission of the experienced civil-service examiners who have functioned heretofore and the turning over of their entire work to the general counsel's staff, with the result that the applicant today is deprived of the type of independent hearing and finding of facts by an expert and independent examiner which he has always enjoyed in the past. Instead, the applicant from start to finish is in the hands of the general counsel, the Commission being, of course, relieved of any embarrassing finding in any examiner's report. It is the same story again, in my judgment, of prosecutor, jury, and judge becoming one and the same.

Furthermore, Mr. Chairman, we have seen the recent introduction of a bill in the Senate looking to reorganization of the F. C. C. itself. That bill, in my judgment, if enacted into law, would place one man, presumably the present Chairman, in virtual control over all radio broadcasting in the United States. In this country, dedicated to freedom of speech, freedom of the press, freedom of religious worship, the dangers involved in any such control are, I think, self-evident. I for one am unalterably opposed to these tendencies which to my mind constitute a challenge to freedom of the air.

You will find in the hearings also, Mr. Chairman, continuing evidence of the virtual monopoly of radio fostered by the Government under the F. C. C. in the hands of the three great broadcasting chains of this country. You will find continuing evidence of undesirable, if not improper trafficking in radio licenses, with all the possibilities for the capitalization of those licenses, to the detriment of the people as a whole, which we have known in other fields.

You will find evidence of a telephone investigation conducted on such a basis that those examined were denied the right to produce their own witnesses, were denied the right to cross-examine Government witnesses, and for a long period of time were denied the right to consideration of about 40 volumes of comment and criticism which they had submitted at the request of the Federal Communications Commission. The methods employed in this investigation were such to my mind as to raise squarely the question whether it is humanly possible for the F. C. C. to give to Congress a "fair and comprehensive" statement of all the facts in the field investigated in accordance with the mandate from Congress.

You will find evidence of continual dissension and disagreement within the Commission. You will find charges of inefficiency, favoritism, and politics. These and other things you will find if you will consult the hearings to which I have referred.

Mr. Chairman, as the Members of this Committee know, I have for years advocated a thoroughgoing investigation of radio broadcasting and its regulation by F. C. C. I have advocated it because I believe it to be essential for the proper regulation of this all-important industry in the interest of the people as a whole.

A year ago the proposal for an investigation gained powerful support in this House. It was brought to the floor of this House and received an impressive vote. It was defeated only because the White House threw its influence against it at the last minute. This year the President himself has announced publicly that he is "thoroughly dissatisfied" with the situation at the Commission. He has specifically advocated remedial legislation. Chairman McNinch, in appearing before your committee, recognizing the probability of legislation, stated, and I quote:

That there could be no such legislation, I take it, without an opportunity for thorough and full investigation and examination of the Commission and its work, its action, and so forth.

Mr. Chairman, there are pending before the Rules Committee now resolutions providing for a thoroughgoing investigation as a basis for proper legislation. The gentleman from Massachusetts [Mr. CONNERY] has one such resolution there. I have another resolution there. There may be others pending there.

The matter, in my judgment, is of vital importance in the national interest. I urge once again, Mr. Chairman, that the



Rules Committee give these resolutions immediate consideration making provision for a proper investigation before the Congress adjourns. "Eventually, why not now?"

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HARTER].

Mr. HARTER of Ohio. Mr. Chairman, the gentleman from Massachusetts [Mr. WIGGLESWORTH], who preceded me, has been very critical of the Federal Communications Commission. I want to speak very briefly of one of its activities which has come to my personal attention, and in which I feel it is doing a very commendable and worth-while job.

The pending deficiency bill contains an item of some \$13,000 for completion of the special study of radio requirements for ships navigating the Great Lakes and inland waters of the United States which Congress 2 years ago directed the Federal Communications Commission to make.

This study has been made with great care and I am advised the Commission will report its findings as directed during the present calendar year. I ask unanimous consent to revise and extend my remarks and include therein a brief statement setting forth the progress that has been made upon this survey to the present date.

The CHAIRMAN. The gentleman will have to secure that permission in the House.

Mr. HARTER of Ohio. Mr. Chairman, in May 1937 Congress directed the Federal Communications Commission to make a special study of radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and inland waters of the United States and report its findings to Congress not later than December 31, 1939. The Commission on May 26, 1937, designated Commissioner Thad H. Brown as commissioner in charge of the conduct of the survey.

Every effort has been made to get all significant data concerning commerce on the Great Lakes, navigation conditions, record of navigation casualties, present radio facilities, and the use of various types of radio equipment and procedures for safety on the Great Lakes. Research studies under a research director, engineering tests, public hearings, and conferences were the methods determined to be used in gathering the information.

The Great Lakes, as the title of the survey indicates, are the most important inland waters to be studied. In fact, the Great Lakes are the most important avenues of commerce in the entire world. The average annual tonnage during the years 1928-37, inclusive, was 117,008,643. In 1937 there passed through the Detroit River approximately 115,000,000 tons of cargo. This is more than the combined tonnage of the Panama and Suez Canals.

There are on the Great Lakes approximately 556 commercial vessels flying the American flag and 259 flying the Canadian flag. These figures are exclusive of the St. Lawrence traffic. The center of this vast industry is Cleveland, Ohio. Of the total number of vessels operating on the Lakes, 80 percent are owned and controlled in Cleveland. In the vicinity of Cleveland there are seven important lake ports. In recognition of the centralization of this industry in Cleveland, the Lake Carriers' Association has its main offices there. In this association, in 1937, were represented approximately 375 vessels, giving a total of over two million gross registered tons. The Lorain County Radio Corporation is located but a short distance from Cleveland. This organization has been a pioneer in the field of radio communications on the Great Lakes and is the largest unit in its field. It is important to note that the control of the boats of the major companies, while on the Great Lakes, is directly exercised from Cleveland, Ohio.

In determining the most economical point from which to carry on the work of this investigation, the information outlined above made the selection of Cleveland imperative. This provided economy not only for the Commission but for the witnesses who might be interested in testifying at hearings. The Commission, therefore, set up a branch office for this survey in Cleveland on May 19, 1938.

During the summer and autumn of 1938 extensive field tests were carried on by the engineering department throughout the Great Lakes area. Much of the material was correlated in the Cleveland office. Assisting in the research were members of the Commission staff headed by Dr. Marvin L. Fair, research director of the survey, and Dr. G. Lloyd Wilson, research consultant of the survey. Dr. Fair, professor of transportation and public utilities at Temple University, received a 2 years' leave of absence from the university in order to assist the Federal Communications Commission. Dr. Wilson has been a member of the faculty of the University of Pennsylvania since 1922. He formerly served as consultant to the Federal Coordinator of Transportation and as a consulting transportation economist.

Hearings were held in Cleveland from July 18 through July 22, 1938; from August 1 through August 5, 1938; and March 6 through March 17 and April 5 and 6, 1939. Work in preparation for these hearings required personal conferences with members of other Government departments, and shipping and radio interests on the Great Lakes. These conferences were held from time to time in the Cleveland office. In addition to the Cleveland hearings, hearings have been held in Detroit for 3 days and in Washington, D. C., for 4 days, making a total of 29 actual hearing days. Though the investigation is not completely finished, a total of 28 volumes of record containing 3,011 pages of testimony and 315 exhibits has already been accumulated. Hearings were adjourned May 26, 1939, subject to call of the presiding Commissioner.

The Great Lakes are the common heritage of both the United States and the Dominion of Canada. Complete cooperation between these two nations has characterized the various steps incident to the survey. Conferences were held at New York City, Toronto, Ottawa, Montreal, and Washington. Among the representatives of the Dominion of Canada at these meetings were: C. P. Edwards, Chief of Air Service; R. K. Smith, Director of Marine Service; E. G. Bennett, Chief Radio Inspector; and Charles S. A. Ritchie, secretary, Canadian Legation.

A notable achievement of these preliminary meetings with Canadian officials was the adoption of a plan for improving the use of radiotelephony and safety communications on the Great Lakes. It is a temporary arrangement effective March 31, 1939, and automatically terminating March 31, 1940. Previously there had been no cooperation in the use of frequencies and operating procedure in radiotelephony on the Great Lakes for safety and distress purposes between the United States and Canada. The present plan now allots the frequency 2,182 kilocycles for ships of both countries at all points on the Great Lakes area as a calling frequency for safety purposes. When contact has been made on the calling frequency further communication is carried on by the use of 2,118 kilocycles from ship station to shore station, and on 2,514 kilocycles from shore station to ship station, and from ship to ship stations on 2,738 kilocycles.

The United States Coast Guard will install 15 radiotelephone stations, which will operate on a designated safety frequency at 15 strategic points on the Great Lakes. Results obtained from the use of this temporary plan during the season of 1939 will be carefully analyzed by the engineering staff of the survey in connection with the broader study of radio requirements on the Great Lakes for safety purposes.

The work of the survey is being aided by an advisory committee representing interested departments of the Government. The following are among the members of this group: Department of State, Treaty Division—Francis Colt de Wolf, Harvey B. Otterman (alternate); Treasury Department, Coast Guard—Comdr. J. F. Farley, Lt. Comdr. E. H. Fritzsche (alternate); War Department, Board of Engineers for Rivers and Harbors—Maj. H. B. Vaughan, Jr.; Navy Department, Communications Division, Office of Naval Operations—Admiral S. C. Hooper, Comdr. Joseph R. Redman (alternate); Department of Agriculture, Forecast Division, Weather Bureau—Thomas R. Brooks, Alver E. Sik (alternate); Department of Commerce, Radio Section, Bureau of Standards—Dr. J. H. Dellinger; Bureau of Marine Inspection and Navigation—

George W. Callbeck; Bureau of Lighthouses—L. M. Harding; Coast and Geodetic Survey—Comdr. George D. Cowie; United States Maritime Commission, Technical Division—D. S. Brierly, J. T. Welsh (alternate).

In this way the assistance of many important Government departments is contributing materially to the success of the survey. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. HARTER of Ohio. I yield.

Mr. JOHNSON of Oklahoma. I appreciate the splendid statement the gentleman has made. I have known one member of the Communications Commission, Hon. Paul Walker, for the past 20 years. For many years he has been well and favorably known as a citizen of Oklahoma, where he has held some very responsible positions. I might add that he has the confidence and respect of all who know him. Not only is he a gentleman of unusual mental attainments but Paul Walker is honest and sincere in all his dealings. No one can truthfully say that he has not received a square deal at the hands of Commissioner Walker. Our Nation needs more men of his caliber in public life. [Applause.]

Mr. HARTER of Ohio. I thank the gentleman for his observation.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. Hawks].

Mr. HAWKS. Mr. Chairman, I want to call the attention of the House today to a letter that was sent out the first part of this month by Mr. Andrews, Administrator of the wage and hour law. This letter was sent without any reason; it was voluntary on his part; and it was an indication that he was probably mad at Congress.

A great many people in this country are asking the question, "What is wrong with America?" They are wondering why we are not getting out of this depression. I believe this letter is one reason, perhaps, why we are not getting any place. We have evidently turned over legislating; in fact, turned over the Government to a bunch of bureaucrats.

Mr. Andrews in this letter to the president of one of the smaller telephone companies out in the Middle West made the bald statement that there would not be any wage and hour legislation this year. To quote him:

It is my best judgment that no bill amending the Fair Labor Standards Act will be enacted into law at this session of Congress.

He then goes on to say that "the administration is unalterably opposed to the revised versions of the Norton bill, H. R. 5435." What I want to know, and what most American citizens want to know, is just this: Who is making the laws of this country—the administration and its highbidding bureaucrats or the Congress?

The Administrator then goes on to say that had the small independent telephone companies been good little boys and gone along with the original Norton bill, which was nothing more than a statement of what his department would and would not do, the outcome of this legislation might well have been different. He then states that the so-called farm bloc in Congress is bent on destroying the act. If those of us in the House who have been active in trying to secure amendments to the act were trying to destroy the act, I think it is fair to say that we were only doing so to prevent it from destroying agriculture and those engaged in associated industries.

This particular bureaucrat, and from what I can gather he is not different from the rest of the gang down here, has set himself up as the final word and has relegated Congress to the backwoods. I have appeared personally before him, as have hundreds of businessmen and other American citizens, and their advice might just as well have been given to an Egyptian mummy. He has absolutely paid no attention to it, and not one of his recent regulations has indicated that statements of fact and pleadings from those oppressed have made the least impression on him.

For 6 years we have had a government by the group of little dictators assembled here in Washington under a New

Deal administration. Every time a major piece of legislation is before the House, some new dealer is obliged to get up and state that the President wants it.

This is different than it was last year or the 5 years before that, because then it was must legislation, and now you merely state that he wants it. I am a new Member and I cannot understand why intelligent human beings cannot display some degree of independence in thought and action. The people back home sent us down here to Washington to legislate, not to run errands for the President, and it is high time we started functioning as an independent branch of this Government.

Now, listen to this statement of Mr. Andrews:

Because of the activities of strong lobby groups a situation now exists which will make it difficult, if not impossible, to work out a satisfactory legislative solution of the matters which the Wage-Hour Division recommended for congressional action.

I do not know how you gentlemen feel about it, but I think it is time this fellow had his ears knocked down, and I cannot think of a better time to start putting him in his place than right here in Congress. Is Mr. Andrews going to dictate the bill that will amend the wage-hour law, or is this great body going to draft its own legislation and then tell him to carry out the will of Congress, and do it without any more fooling around? What particular right has he to criticize Members of Congress? What right has he to say that Congress will do this or do that?

With the full power of the President behind him, I suppose he figures he is safe in his dictatorial attitude; and from the way this New Deal controlled Congress has been acting, he has been secure. I want to tell the Members of this House that the American public is sick and tired of it, and had hoped that the election returns of 1938 would indicate to you just how they felt, and that perhaps you would take heed. You have not during this session.

I sincerely hope that this Congress will pass amendments to the wage-hour law that will give real relief to those in distress, and at the same time give warning to the Administrator that we mean business, and that from now on we will give the orders and he will be expected to obey them.

Yesterday I believe all of you received his latest bulletin, in which he elaborates upon his new definition of "area of production." His recent definition is just one of the most ridiculous things I have ever read.

Yesterday this House voted \$225,000,000 for farm parity and \$113,000,000 for the purchase of surplus commodities. All of that money appropriated is an attempt on the part of Congress to help agriculture, and here we have a bureaucrat sitting down in one of these lovely offices, promulgating orders, defining the acts of Congress at his own will, and every time he issues an order he hurts and hampers agriculture.

The following is his most recent ruling on "area of production":

SECTION 536.1—"AREA OF PRODUCTION" AS USED IN SECTION 7 (C) OF THE FAIR LABOR STANDARDS ACT

An employer shall be regarded as engaged in the first processing of any agricultural or horticultural commodity during seasonal operations within the "area of production" within the meaning of section 7 (c):

(a) if all the commodities processed come from farms in the general vicinity of the processing establishment and the number of employees there engaged in such processing does not exceed seven, or

(b) with respect to dry edible beans, if he is so engaged in an establishment which is a first concentration point for the processing of such beans into standard commercial grades for marketing in their raw or natural state. As used in this subsection (b), "first concentration point" means a place where such beans are first assembled from nearby farms for such processing but shall not include any establishment normally receiving a portion of the beans assembled from other first concentration points, or

(c) if all the commodities processed come from farms in the immediate locality of the processing establishment and the establishment is located in the open country or in a rural community. As used in this subsection (c) "immediate locality" shall not include any distance of more than 10 miles, and "open country" or "rural community" shall not include any city or town of 2,500 or greater population, according to the Fifteenth United States Census, 1930.



SECTION 536.2—"AREA OF PRODUCTION" AS USED IN SECTION 13 (a) (10) OF THE FAIR LABOR STANDARDS ACT

An individual shall be regarded as employed in the "area of production" within the meaning of section 13 (a) (10), in handling, packing, storing, ginning, compressing, pasteurizing, drying, preparing in their raw or natural state, or canning of agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products—

(a) if he performs those operations on materials all of which come from farms in the general vicinity of the establishment where he is employed and the number of employees engaged in those operations in that establishment does not exceed seven; or

(b) with respect to dry edible beans, if he is so engaged in an establishment which is a first concentration point for the processing of such beans into standard commercial grades for marketing in their raw or natural state. As used in this subsection (b), "first concentration point" means a place where such beans are first assembled from nearby farms for such processing but shall not include any establishment normally receiving a portion of the beans assembled from other first concentration points; or

(c) with respect to Puerto Rican leaf tobacco, if he is engaged in handling, packing, storing, and drying such tobacco for market in an establishment which is a first concentration point for such tobacco. As used in this subsection (c), "first concentration point" means a place where such tobacco is first assembled from nearby farms for such preparation for market but shall not include any establishment normally receiving a portion of the tobacco assembled from other concentration points nor any establishment operated by a manufacturer for the preparation of tobacco for his own use in manufacturing; or

(d) if he performs those operations on materials all of which come from farms in the immediate locality of the establishment where he is employed and the establishment is located in the open country or in a rural community. As used in this subsection (d), "immediate locality" shall not include any distance of more than 10 miles and "open country" or "rural community" shall not include any city or town of 2,500 or greater population according to the Fifteenth United States Census, 1930.

SECTION 536.3—PETITION FOR AMENDMENT OF REGULATIONS

Any interested person or association wishing a revision of the foregoing regulations may submit in writing to the Administrator a petition for amendment thereof, setting forth the changes desired and the reasons for proposing them. If upon inspection of the petition the Administrator believes that reasonable cause for amendment of the regulations is set forth, the Administrator will either schedule a hearing with due notice to interested parties or will make other provision for affording interested parties an opportunity to present their views either in support of or in opposition to the proposed changes. (Sections 536.1 through 563.3 issued under the authority contained sections 7 (c) and 13 (a) (10), 52 Stat. 1060.)

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. HAWKS. No; I will not.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman and Members of the Committee, last Sunday afternoon in my district in Minnesota occurred one of the most terrific and destructive tornadoes which has occurred in that or any other section of the country for many years. The Weather Bureau reports the velocity of the wind reached 300 miles an hour.

There were 11 people killed and between three and four hundred houses destroyed, besides other buildings, in five villages and one city, in the path of that tornado. In addition there were many farm homes also destroyed. It has been estimated that about 1,200 people have been made homeless or have been affected by this devastating tornado, in addition to the 100 or more who are now in the hospitals as a result of injuries received.

I have here a picture of three houses which stood before the tornado, showing how they looked Sunday afternoon after the storm, and that is a fair illustration of what the three or four hundred houses looked like after the twister passed through these communities.

I have a telegram from the Disaster Relief Committee which was formed, saying the tornado loss in the Anoka area, which is a city of approximately 5,000 people, will reach \$1,200,000. The telegram also adds:

We need Federal aid immediately. We earnestly urge immediate action on the bill introduced for this purpose.

Yesterday I introduced a bill (H. R. 6960) calling for an appropriation of \$270,000 to temporarily take care of the emergency and to rehabilitate that devastated area.

I have talked to the White House today about the matter. The President has gone over the situation and realizes that this is one of the worst disasters that has come to the country for a long time—not as bad, or as extensive, of course, as the one occurring on the east coast and in New England last fall, but it is bad for our district, one of the worst for many years.

It so happens that much of the section of the city of Anoka that was destroyed was where the houses were of cheap construction. As a result many of the people there who have been injured and made homeless had no insurance and will be thrown on complete relief without a roof over their heads until we can come to their aid.

The White House informed me that they were very much interested in having something done along the line of my bill, and I am going to ask the committee in charge of this deficiency appropriation bill this afternoon if they will not consider an amendment I propose to offer when the bill is read, which will include my request for \$270,000 for the emergency rehabilitation of that stricken area. In the name of the sufferers and of the homeless, and of the residents of the district affected, I express appreciation for your consideration and trust you will act favorably on my amendment. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. KITCHENS].

Mr. KITCHENS. Mr. Chairman, a Townsend national convention is now being held in Indianapolis, according to the papers. The main object of the meeting, it is said, is to devise definite methods and means of reprisal against more than 300 Congressmen who voted a few days ago against the Townsend bill. Resolutions to that effect have been introduced in the convention, and the promoters no doubt hope to further inveigle people into making more contributions in addition to the millions already obtained. Ten "flying squadrons" are proposed and to be sent into each district, and candidates, particularly over 300 present Congressmen, not favorable to the plan are to be intimidated, overwhelmed, and coerced, if not annihilated politically, because, forsooth, they refuse to abandon their honest and sincere opinions and be dominated by a group.

Mr. Chairman, H. R. 2, generally known as the general-welfare or Townsend bill, was introduced January 3, this session, and abandoned February 17. No notice was given of such abandonment until May 23, when H. R. 6466 was introduced. The sponsors, according to the RECORD, desired this bill to be considered by the House without amendment. The Ways and Means Committee acceded to that desire, and the Committee on Rules brought in a closed rule which precluded any amendment. In any event, the bill as prepared, introduced, and sponsored represents all the best features of the Townsend plan.

H. R. 6466 differs in some particulars from the original so-called general-welfare or Townsend bill, but the difference is not very material as I view the proposal. A great deal of publicity has been given to Dr. Townsend and his plan for recovery. False hopes have been aroused in the minds and hearts of some old people, and most bitter disappointment necessarily has resulted. Fifty-five Republicans and only 42 Democrats, a total of 97 out of 435 Members, voted for the bill.

I am led to believe now the passage of the bill, or the original Townsend bill, was not desired by most of those actively sponsoring it. The tactics employed justify the conclusion. To have passed the bill would have killed the goose that has been laying golden eggs for some of these organizers and promoters. The evidence shows the Chicago office alone of Dr. Townsend's organization collected over \$3,000,000 from old people. Nickels, dimes, quarters, and dollars in streams poured into the coffers of that office. As to how much was collected in other offices in California, Florida, Oregon, Washington, Vermont, New Hampshire, and other States there is no record. I feel sure new propaganda for more collections

will continue notwithstanding overwhelming defeat of the bill.

Mr. Chairman, not so long ago the old Negroes of my district and your district were continuously propagandized, organized, constantly solicited by mail, and mulcted of a great deal of money by one Dr. Pope. This was continued by him until his shady and fraudulent record was exposed. Dr. Pope's activities in various States show indisputably he was feathering his own nest, with no thought other than the swindling of the old Negroes of the country. The result was Dr. Pope, with the money collected, went out of business. The old Negroes were deluded, deceived, and defrauded, but had some worth-while experience.

It is my opinion, however, Dr. Townsend is not of that character. He seems to be sincere and honest, and any accumulation of money by him and his associates charitably may be considered as merely incidental to the carrying out of the plan. Dr. Townsend sincerely believes his proposal will bring about a greater velocity of money, faster removal of goods from the shelves, a quicker financial recovery, and incidentally a help to the old people. However, it is very wearisome, as well as burdensome, for the aged of this country to be delayed continuously and constantly solicited for financial support through donations, gifts, subscriptions to papers, sales of articles, booklets, banquets, expenses of delegates, the total of which runs into millions of dollars.

I hope in these remarks to analyze in my humble way the provisions of the bill, setting forth the fundamentals of the Townsend plan.

The bill places what is known as a transaction tax on every activity which has for its object any gain, either directly or indirectly, and is to be collected on every deal, whether there be a profit or loss.

The act provides "the tax shall be collected without any deductions on account of property sold or expenses of any kind," and even where there may be only an "exchange of property." The buyer and seller, the lender and borrower, employer and employee on each deal, and each trader of property must pay the tax.

It is collected on the gross revenue "of the taxpayer received for personal services, and on gross receipts of taxpayer derived from trade, business, or sales value accruing from sale of tangible property or services or both." The act, to be doubly certain, further provides the tax shall be collected "without any deduction on account of cost of property sold, cost of materials used, labor costs, taxes, royalties, interest, or discount paid, or any other expenses whatsoever."

The act levies a tax of one-half of 1 percent on all producers, manufacturers, wholesalers, and jobbers.

The act further provides:

Upon every other person engaged or continuing in the United States with any business, trade, occupation, or calling, not included in the preceding sections or any provision of the act, there is hereby levied, and shall be collected a tax of 2 percent.

The act then provides that—

Every person doing any business, rendering any service, or producing anything must file a written return every month, swear to the return, and mail or deliver same to the collector of internal revenue not later than 10 days after the end of the month for which the return is made with the exception where the tax is less than a dollar in any month, no return has to be made.

There is a criminal provision, imposing penalties up to \$1,000 or 1 year in jail for a first offense, and increasing to not less than \$2,000 and not more than \$20,000 or not less than 1 year nor more than 5 years for a second offense, for failure to make a monthly return or pay the monthly tax.

There will be fifty to sixty million people subject to the tax. Each would be required to make a monthly written return duly verified under oath. The cost of the notarial fees at 25 cents each would amount to twelve and one-half million dollars, or more monthly, to be paid by the taxpayers, aggregating at least \$150,000,000 yearly for notary fees alone. The postage necessary on each envelope to mail 50,000,000 returns to the collector would amount to one and one-half million dollars monthly, payable by the taxpayer, or \$18,000,000

postage for 1 year. The 50,000,000 necessary envelopes monthly would require the taxpayers an extra expense of at least \$250,000 monthly.

Mr. Chairman, section 6 of the act makes certain exemptions. National banks are exempted. Fraternal societies, charitable, religious, and educational associations not operated for profit; chambers of commerce, boards of trade, operated for the benefit of the community, where no profit accrues to any private stockholder or individual; hospitals or infirmaries, where no one receives any profit; interest paid to building and loan associations and insurance payments. These are all the exemptions in the act. All other banks, individuals, hospitals, societies, companies, and associations must pay the tax.

The national banks have thirty-one and one-half billion dollars on deposit and in assets. The State banks have \$20,000,000,000 on deposit and in assets. As to why the national banks are wholly exempt and all State banks taxed I cannot explain. Certainly, fair-minded people would object to such discrimination. No reason is given for exemption of national banks, and no just reason can be given. Such an exemption would save many millions for national banks and their owners, and the tax necessarily would destroy all State banks.

The act, in paragraph (b), section 9, provides each person 60 years of age or over shall be paid from the tax collected "in such amount not exceeding \$200 per month;" and after payment of the \$200 monthly "any remainder in the fund shall be applied to payment of the national debt." All State banks and individuals would, no doubt, complain at their being compelled to pay the national debt, while all national banks, some of which in New York City are the largest and richest in the world, would be wholly exempted in the bill from paying a penny.

The act further provides that the recipient of the money "shall not engage in any gainful pursuit, and shall covenant and agree in his sworn application to spend, and shall spend, all of each month's payment during the calendar month or within 5 days thereafter." The act further provides if he does not spend all the money, he will forfeit 25 percent of his payment for each offense. Each recipient of the money is also required to keep a record and file a sworn return each month showing in detail what was done with the money or its proceeds. However, he or she can make oath before a postmaster, while the taxpayer cannot.

Paragraph 15 of the act contains the gist and heart of the Townsend proposal; that is, forceful spending of the money, forceful purchase of goods, and forceful riddance each month of such goods or of the proceeds directly or indirectly accumulated each month. It provides a misdemeanor for any recipient of the money in any month "to engage in any way or upon occasion in any gainful pursuit or to keep or fail to spend the money or any part thereof, or proceeds of direct or indirect accumulations or any part thereof of any annuity within the time required by this act." The time at most is 35 days. Proceeds, according to Webster, are "that which result, proceed, or accrue from some possession or transaction."

The last provision, according to the sponsors of the bill, is the motivating cause of their support and not the pension feature. To me the requirement is unjust, impractical, and an economic waste. It not only requires the old person, under heavy penalty, to spend his check in 35 days, but it requires him, under penalty, to "spend the proceeds of direct or indirect accumulations or any part thereof" in the same 35 days. The sponsors of the bill claim that this requirement will bring about a swifter distribution of money and flow of goods, and will cause the wheels of industry to whirl and hum to produce goods for old people to purchase, consume, and dispose of monthly, and thereby bring about recovery more quickly. The remedy would be worse than the disease, it seems to me.

Under the spending provision all proceeds directly or indirectly accumulated or received for any of the money spent,



as stated, will have to be disposed of within the 35 days. I appreciate the force and effect of this spending provision and the argument that it will clean the shelves of goods. If an old person should buy a barrel of flour and could not eat all of it in a month, he would have to dispose of it in some way. If he received anything for it, he would have to rid himself of that, too, so as to completely consume and have nothing left of his check or proceeds thereof, directly or indirectly, at the end of the month. If he purchased a suit of clothes, that suit would be proceeds directly or indirectly accumulated from his monthly check, and he would have to wear out or dispose of the suit in 35 days. In other words, the old person would have to buy a suit of clothes, a pair of shoes, or hat each month, and rid himself of them the same month or within 5 days thereafter.

I appreciate that this requirement would stimulate purchase, consumption, or waste of clothes and other articles that an old person might buy and put out of existence every month. The wheels of industry would have to whirl and hum to furnish 120,000,000 suits, hats, shoes, and dresses each year and other things in proportion. He could not buy or make payment on a home because, under penalty, he must rid himself monthly of all proceeds of his check.

The above requirement would worry, cause great anxiety, and make old people the busiest in the world, while all others would be amazed and bewildered at the process of making them prosperous.

The old person could not give the money or the proceeds away, except to reasonably support one in idleness, drunkenness, or gambling. Paragraph (c) of section 15 provides he or she shall not "unreasonably and unnecessarily retain any able-bodied person in drunkenness, idleness, or gambling." The people of my district having to pay the tax would be unwilling, as I judge them, to have their tax money used to support idleness, drunkenness, or gambling, as authorized by the act, whether reasonable or unreasonable. Yet the old man or old woman could not give anything away nor accumulate anything for longer than 1 month, and would have to be very busy at all times selling, trading, bartering, and devising means to get rid of his money and purchases so as not to be caught with anything at the end of 35 days.

All retail merchants would have to pay a 2-percent tax, a tax 300 percent higher than manufacturers, wholesalers, or jobbers would pay. Chain wholesalers would have an advantage. The retail dealers would necessarily pass the tax on to the laboring men, farmers, their families, and other consumers, and many of them are least able to pay.

The bill singles out for the largest tax on everything they buy the individual, the laboring man, farmer, railroad employee, retail merchant, children, young men and young women, and people not yet 60 years of age. Their wages would be taxed 2 percent in every case. Even the wages of people on relief would be taxed 2 percent. Many thousands of people 60 years of age or older are well fixed financially, not in need at all, but each would get monthly his \$200 extracted from those most needy.

The 1930 census shows there were 16,464,925 children 6 years of age or younger at that time. There were 31,352,162 12 years of age or younger. There were 45,373,546 children 18 years of age or younger, and there was a total of all children under 21 years of 49,831,422. The more than 16,000,000 children 6 years or younger must be considered when you propose to tax, both going and coming, everything they buy or exchange for 54 years in order to bring about recovery under the Townsend plan. The more than 31,000,000 children 12 years of age or younger must be considered when you propose to tax them 2 percent of their wages and 2 percent on everything they buy or is bought for them, borrow or is borrowed for them, for 48 years. The more than 45,000,000 children 18 years or younger must be considered when you propose to take from them daily by taxing their educational opportunities, their wages, and every transaction they may make or may be made for them for 42 years. The widows and orphans must be given some consideration when you propose to tax their bread and meat, as this bill taxes them, to help

some people not in need and to pay some national-bank presidents, other officers, and stockholders \$200 per month pension when their banks will contribute not a penny.

The sponsors of this bill would tax all of these children for more than 40 years to pay, as stated, not to exceed \$200 to many people 60 years of age or over who are not in need, never have been in need, such, for example, as utility, railroad, lumber, steel, oil, gas, coal, and automobile magnates, and others.

The sponsors of the bill argue vehemently that the main object of the bill is to bring about a greater velocity of money, a greater spending program, a greater turn-over and consumption of goods. If this be the object, as proclaimed by the author and sponsors of the bill, then I suggest that \$60 per month be paid to those 60 years of age or over; \$50 to those between 50 and 60; \$40 to those between 40 and 50; \$30 to those between 30 and 40; and \$20 per month to those between 20 and 30 years of age, or such proportionate part of these amounts as the fund will permit, according to the number of people in those ages. This would enable each one to spend at least part of his own money; and, to require him to do it, would certainly be as effective in bringing about as great a velocity of money, purchase and consumption of goods as if those 60 years or older should spend all of it. At the same time \$60 per month for those 60 years old and above would be reasonable.

Mr. Chairman, all the farmers' organizations of America are bitterly opposed to this bill. The American Farm Bureau Federation, National Grange, and Farm Cooperative Councils, in the strongest of language, oppose this bill as unfair, impractical, unwise, discriminatory, uneconomic, and destructive of their best interests. The farmers, now hard pressed financially, the employed and the unemployed, know they would be crushed by being daily, weekly, and monthly burdened with this tax upon everything they wear, buy, sell, or exchange in any manner whatsoever, and by the tax which others would pay and be pyramided necessarily onto their backs.

Let us take, for example, the cotton farmer. If he borrows \$200 he pays \$4 tax, and the lender, unless a national bank, would also pay \$4 tax. Then the farmer will pay 2 percent tax on all he buys with the remainder. He would pay a tax and the ginner would pay a tax on the cost of ginning of each bale of cotton. He and the insurer would each pay a tax on the insurance premium. Warehouse charges, compressing, weighing, cost of bagging, and freight charges would each be taxed. He and the buyer of his cotton would each have to pay a tax on purchase price of the cotton or seed. The cotton factor and spinner would each have to pay a tax on full value on the second, third, or fourth sale of the cotton. The spinner, and each of his employees on their wages for processing that cotton, would have to pay a tax. When the spinner sells to the wholesaler, each would have to pay the tax. When the wholesaler sells to retailer, each would have to pay the tax. When the retailer sells back to the farmer, each again pays the tax, and all on that same bale of cotton. This Townsend bill tax is not a single tax, but a double, treble, quadruple, quintuple, sextuple, ad infinitum tax. The tax, on a fair estimate, will take 40 cents from everyone out of every dollar of income, and it is claimed will make the taxpayer prosperous, and all prosperous.

I am reminded, Mr. Chairman, of the old Louisiana Negro who was asked how he came out with his crop at the end of the year. He replied, "The ducks got it." "But," said the inquisitor, "I did not know ducks cared for cotton, what do you mean?" "Well," said the old Negro, "you don't understand. You see, when me and the boss went to settle, the boss says de-ducks for this and de-ducks for that and de-ducks for tuther, and when we finishes with dem ducks dey done took and got all my cotton."

Southern cotton farmers are now producing an average of 11,000,000 bales of cotton annually. At \$50 per bale net, they have a gross income of \$550,000,000 a year. Under the present bill and according to the literature and argument of advocates of this bill, it will take on an average of \$2,000,000,000 per

month to pay 1 month's pension under their perfected plan for prosperity. Therefore, if Southern farmers increase their production to 40,000,000 bales per year, they would have just enough to pay 1 month's pension payment and nothing left to pay for the bagging and ties or the ginning.

The American Federation of Labor condemns this bill in no uncertain terms as being unfair, discriminatory, impractical, and a burden which the laboring man would be unable to bear because 2 percent of his wages and 2 percent on everything he should buy, sell, or exchange, duplicated, added, and pyramided all the way down and up the line, would be ruinous and destructive of his wages and earnings.

The railroad employees' organizations and brotherhoods are opposed to this bill for the same reasons. I am sure the widows and orphans and the 50,000,000 children also would oppose this bill if they had a voice. The national banks even, although totally exempt, would oppose the bill, in my opinion.

Mr. Chairman, there are 130,000,000 people in the United States today. There are 50,000,000 children 18 years and younger. There are 10,000,000 people or more 60 years and older. That would leave 60 millions or less to pay the tax. In other words, a vote for this bill would be a vote condemning 6 people to contribute, not to exceed, on an average, \$200 per month to one of their neighbors, the money to be paid to people regardless of need, spent for things needed or not needed, and the proceeds of the money to be disposed of monthly and no accumulation of anything for longer than 35 days by any old person permitted.

When I think of the twelve and one-half to fifteen million dollars monthly to be paid by the taxpayers in notary fees for swearing to fifty to sixty million returns; when I think of the one and one-half million dollars per month necessary for postage to mail those returns to the collector of revenue, and \$250,000 monthly for envelopes in which to send them; when I consider the time and trouble to be spent by everybody in keeping account of every item and every transaction of any kind, and the preparation of at least 50,000,000 returns each month; when I think of the discriminations in this bill and of the great number of inspectors, examiners, detectives, and attorneys necessary to investigate and review 50,000,000 taxpayers' returns each month and the 10,000,000 returns by the old people; and when I further consider the millions of children, most of whom will be taxed unmercifully on everything, and the privations they would have to endure from birth to the grave to carry out a scheme such as the sponsors of this bill vigorously advocate, I cannot think of one single, sound reason for supporting the bill, unless political expediency or demagoguery be a reason.

I appreciate, Mr. Chairman, the theme song of certain Members of this House, and of past and prospective candidates for office, running marathon races on bills of this nature and of proposals to increase pensions. It seems that some are willing to capitalize and profit upon the misery, want, and suffering of old people, being impelled, for political reasons, in order to obtain political support and retain office, to advocate proposals such as this and higher and higher pensions than an opponent may advocate.

It is my considered judgment that such political tactics and pretensions not only mislead, encourage, and inspire false hopes but injure the cause of the old people, deceive them, and really retard, if not prevent, fair and reasonable old-age assistance. After such promises are made, hopes stimulated and frustrated, they return with excuses, willing to impose upon credulity, make explanations that do not explain, and offer alibis without merit.

I have learned during my experience in life that often those most vociferous are not necessarily the real friends of the cause they advocate. A large contingent of Republican Members in this House, in political desperation, while denouncing taxes and pleading for economy, advocated and voted for this bill, along with a less number of Democrats, regardless of the consequences, and absolutely indifferent to the soundness of the proposal. They prefer to take the way of least resistance, hoping and believing they will not have to explain. In any event, they shun responsibility and hope to have political support of a group.

The truth is, this administration is the first and only administration in this country that has ever given any direct or indirect financial aid whatsoever to aged people, the unemployed, blind, helpless, widows, and orphans. It is a new adventure, initiated on a sound basis by this administration for social welfare and betterment of our people. Such assistance, to be permanent, must be rendered upon a sound, reasonable, and economic basis. I have voted to amend the Social Security Act so that the Federal Government will pay the same to each old person, not to exceed \$20 per month, the States to match with \$20 in addition, thus making possible \$40 per month. I voted and tried to force the Federal Government to pay at least \$15 per month regardless of what a State might pay, but we were defeated. I am frank to admit there were strong and plausible arguments to justify the defeat on the ground, among others, that a State owes first duty to its citizens, being more close and personal to the citizen.

As a boy on a few occasions I have driven as many as three yoke of oxen, or two teams of mules. Have you never noticed that the yoke or team next the wheels at times were forced to steady themselves and have their necks stretched to hold back those in front to keep them from running away and wrecking everything? Well, Mr. Chairman, we must have in this Congress some men and women courageous enough to remain cool, steady, honest, unintimidated from any source, and willing to have their necks stretched sometimes regardless of consequences.

Many of our States are dependent in great part upon a local sales tax for their schools, eleemosynary institutions, and assistance for the old people, the blind, widows and children, and the needy. Some regard must be had for that State revenue and the source of State revenue.

But, it is ingeniously argued, this Townsend plan will not cost the Federal Government anything. Such a beguiling argument, its innocence and simplicity, can appeal only to stupidity itself. The people constitute this Government. All its funds are taxes the people pay. The taxes collected under the Townsend plan would go into the Federal Treasury and by it be disbursed as any other tax or fund.

Mr. Chairman, the proponents, promoters, propagandists, political opportunists, and profiteers under cover of Dr. Townsend's apparently benevolent idea or any similar idea may succeed for a while but not for long. Sooner or later, there will be swift retribution, once the people are awakened, and all such theorists, profiting and preying upon cupidity, the needy and poor, will be consigned to oblivion, a merited and just desert. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, I want to make a few remarks today about a public official who very probably has more warm friends among the Members of this House than any other man in the Government service.

To begin with he has very probably had longer continuous service with the Government than any administrative official in public life today. Only 11 Members of the Senate and 28 Members of this House have had longer continuous service than he.

I refer to Brig. Gen. Frank T. Hines, Administrator of Veterans' Affairs. General Hines began his Government service on March 2, 1923, as Director of the Veterans' Bureau. When the Congress, in 1930, decided to consolidate the Pension Bureau and the soldiers' homes with the Veterans' Bureau, General Hines was placed in charge of the Veterans' Administration, as the enlarged veterans' agency was named. His continuous service has been a little more than 16 years. During that time the agencies under his charge have disbursed approximately \$12,500,000,000 altogether, without the slightest hint of any irregularity or scandal.

I would also like to point out that during this period not one personal attack has ever been made on General Hines.

Mr. SIROVICH. Will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from New York.



Mr. SIROVICH. May I call the gentleman's attention to the fact that in my 14 years in the House I have very frequently called on Major General Hines. He is one of the sweetest and most lovable characters who has ever occupied any office in our Government and deserves the fine eulogy the gentleman is making now. Would that every administrator in every governmental agency were as kind, as considerate, and as gracious to every Member of Congress as has been Major General Hines.

Mr. VAN ZANDT. I thank the gentleman.

Many of us have had complaints about not getting what we thought we should get from the Veterans' Bureau and the Veterans' Administration, but I think all of us are agreed that General Hines has done and is doing his job in a way which has brought forth our highest commendation not only from Members of Congress but from the veterans' organizations and the disabled veterans themselves who have been under his care.

I think that General Hines is considered by most of us as the very highest type of civil servant. President Harding appointed him to office; President Coolidge continued him there; President Hoover not only continued him but made him Administrator of Veterans' Affairs; and President Roosevelt has likewise continued him in an office which many of us think is the most difficult Government job to handle outside of the Presidency itself.

I think that one of General Hines' valuable qualities has been his very real sympathy for veterans and their problems. Although his outstanding reputation has been made as an Administrator, he was no swivel-chair soldier. General Hines knows what it is to live in a lousy trench, face hostile bullets, and lead his men over the top. He took part in 25 active engagements in the Philippines and conducted himself so gallantly and fearlessly under hostile fire that he was recommended for the Congressional Medal of Honor for "intrepidity above and beyond the call of duty."

Although his outstanding World War services were in an administrative capacity, nevertheless General Hines was with American troops in action at St. Mihiel and in the Argonne.

In view of the immensity and varied activities of the Veterans' Administration and the many responsibilities which we in the Congress have placed upon him, I would like to discuss for a few moments just what manner of man this is who is responsible for the proper functioning of the Veterans' Administration and the judicious expenditure of the very large sums of Government funds which we entrust to his hands.

We see him today as a former brigadier general of the Regular Army—now a brigadier general of Reserves and Administrator of Veterans' Affairs; but if we could look back over the years of his brilliant career, we should see a young boy toiling patiently in the hills of his native State of Utah, "water corporal" for the miners, waiting table in the camps, filling in at any odd job available and saving his hard-earned money to make a dream come true—a college and engineering degree.

At the Utah Agricultural College he was captain of the Artillery Cadet Corps, when the whole country was aroused by the cry "Remember the Maine." He finally prevailed upon his parents to consent to his enlistment, and at the age of 18 Frank Hines joined Battery B of the First Utah Volunteer Artillery and sailed for the Philippines. He rose to sergeant, then first sergeant, and participated in all of the active engagements of his organization before the fortifications of Manila and in the Philippine Insurrection, and for his energy and bravery he was commissioned in the field as a second lieutenant of the Utah Artillery when he was only 19 years old—the youngest officer in the service.

When his battery was returned to the United States and he was mustered out of the service, Frank Hines found that a military career still appealed to him, so he passed his examinations for the Regular Army and on September 20, 1901, he was appointed a second lieutenant of Coast Artillery.

He graduated with honors from the Coast Artillery School and later from the advanced course with a degree in elec-

trical and mechanical engineering, becoming a recognized authority on coast artillery, matériel, and fortifications. His book *The Service of Coast Artillery* was for years used as a textbook and considered a standard work on its subject.

In June 1914 the then Captain Hines was granted leave of absence to go abroad for the Bethlehem Steel Corporation as technical adviser on coast defense relative to the installation of heavy armament for the Greek Government. When war was declared on Germany he immediately started home to join his corps but was intercepted with instructions to report to the American Ambassador in Rome to take charge of the embarkation of American citizens en route to this country. This work was carried out in a period of less than 2 months. During this time he chartered and fitted out ships which enabled the return to the United States of more than 3,100 American citizens, chiefly from the ports in Italy. This service was highly commended by many of the citizens involved, including Cardinal Gibbons and Cardinal O'Connell, who returned on one of the vessels. The results of this work were also commended by the officials of the State Department.

After our own entry into the World War, Frank Hines' unusual abilities brought added responsibilities and rapid promotions. In January 1918, as Colonel Hines, he was made Chief of the Embarkation Service of the War Department, in which capacity he was responsible for the development of an organization which carried 2,000,000 soldiers safely to Europe, and after the war returned them in 8 months. That was a feat which the German General Staff had believed impossible of accomplishment—and its unprecedented success made victory possible in November 1918.

In April 1918, as a brigadier general, Frank Hines accompanied the Secretary of War abroad, appearing before the Interallied Transport Council in London and also in France in connection with transportation methods. In 1919 he negotiated the Reading-Hines agreement covering settlements for transportation service as well as similar agreements with France.

Upon termination of the war General Hines was the recipient of many high honors for what was considered one of the outstanding jobs of the war—getting our boys over in time to turn the tide in 1918. He received the Distinguished Service Medal of the Army and the Navy Cross for "especially meritorious and conspicuous service." He was also awarded the Military Order of the Bath of Great Britain, the Ordre de Leopold of Belgium, the Order of the Sacred Treasure of Japan, the War Cross of Czechoslovakia, and Officer of the Legion of Honor of France.

After the war General Hines received a distinction exceedingly rare in War Department annals—that of being promoted from the rank of captain to that of brigadier general in the Regular Army. Only a few other American officers have been so rewarded, such as General Pershing and General Leonard Wood.

As a result of his activities during the war, General Hines became greatly interested in the development of our merchant marine, and in 1920 he resigned from the Army to participate in this movement. However, in 1923 the late President Harding prevailed upon him to accept the directorship of the Veterans' Bureau, so that the chaotic situation then existing could be straightened out—and the agency organized to bring adequate relief to the veterans and their dependents, which it had been created to serve.

I think most of us are familiar with General Hines' career from that time until the present. Speaking for myself, I will say that during the 3 years in which I had the honor to be commander in chief of the Veterans of Foreign Wars, I had many official contacts with General Hines and always found him not only courteous and fair, but anxious to give the veterans all that he could, within the limits of the laws which govern his agency.

I do not think that there is a man in this House who will not agree that General Hines has organized and directed this great Government agency with such efficiency that it is now one of the most satisfactorily run of all our great Government departments. General Hines has constantly recom-

mended the liberalization of laws so that service could be rendered to the veterans in the manner in which Congress desired. He was also a pioneer advocate of permanent hospital building, and recommended the laws governing free hospitalization, which have now benefited more than a million veterans.

Today the major portion of the patients in our veterans' hospitals are the so-called non-service-connected cases. Under General Hines' administration the finest group of hospital buildings in the world has been erected. We now have 84 such hospitals in operation. The Veterans' Administration now has a pay roll of more than 38,000 employees who staff these hospitals, the central office, and the regional offices throughout the United States, as well as our soldiers' homes and other facilities and services. As you know, the Reorganization Act excepted the Veterans' Administration from the consolidation features, and the Administrator of Veterans' Affairs is still directly responsible to the President of the United States, and holds his office at the pleasure of the President.

In conclusion I want to point out that General Hines has served this Government faithfully and well for more than 35 years—19 years as an officer in the Regular Army and 16 years as head of our veterans' agencies.

I have about reached the end of this unusual "success" story, which is in the best American tradition. Beginning as a humble boy, Frank Hines has worked his way upward by his own efforts, until he was so placed that his unusual ability and integrity have won him a countless number of friends, and enabled him to render services to the Nation which have been beyond calculation or price.

Had he remained in the Regular Army he would be eligible to retirement, perhaps as a major general. I do not think there is a man or woman in this House who does not agree that in so ably administering our vast veterans' problems General Hines has rendered this Nation a much greater service than he could possibly have done by remaining in the Regular Army after the World War.

He has had a long and distinguished Army career, yet he is not eligible under present laws to their retirement benefits. He has had a long and distinguished career as a public official—a true civil servant—yet he is not eligible to the retirement privileges provided by the Government for members of the civil service, because he has never had a civil-service status. As you are aware, the law specifically exempts his office from that category, so that the President may have no limitation upon his choice for this important post, excepting confirmation by the Senate.

This is an unfortunate situation to confront us at a time when such emphasis is being made upon the importance of building up a real career service in our Government to handle the increasingly complex problems which arise.

The Senate has already passed without a dissenting vote a bill which would correct this unique and unfair situation, which I think is without a parallel in our Government service. That bill would allow General Hines to be retired as a brigadier general whenever he leaves the Government service. I feel confident that when that bill comes before this House for action it will merit the same enthusiastic support that it received in the Senate. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### FEDERAL COMMUNICATIONS COMMISSION

Salaries and expenses: For seven Commissioners, and for all other authorized expenditures of the Federal Communications Commission in performing the duties imposed by the Communications Act of 1934, approved June 19, 1934 (48 Stat. 1064), the Ship Act of 1910, approved June 24, 1910, as amended (46 U. S. C. 484-487), the International Radiotelegraphic Convention (45 Stat., pt. 2, p. 2760), Executive Order No. 3513, dated July 9, 1921, as amended under date of June 30, 1934, relating to applications for submarine cable licenses, and the radiotelegraphy provisions of the Convention for Promoting Safety of Life at Sea, ratified by the President of the United States July 7, 1936, including personal services, contract stenographic reporting services, rental of quarters, newspapers, periodicals, reference books, law books, special counsel fees, supplies and equipment, including purchase and exchange of instruments, which may be purchased without regard to section 3709 of the Revised Statutes (41 U. S. C. 5) when the aggregate amount

involved does not exceed \$25, improvement and care of grounds and repairs to buildings, not to exceed \$5,000, purchase, including exchange, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use in the field, not to exceed \$3,000, traveling expenses, including expenses of attendance at meetings which, in the discretion of the Commission, are necessary for the efficient discharge of its responsibilities, reimbursement to ships of the United States for charges incurred by such ships in transmitting information in compliance with section 357 of the Communications Act of 1934, as amended, expenses of packing, crating, drayage, and transportation of household goods and other personal effects (not to exceed in any case 5,000 pounds) of officers and employees when transferred from one official station to another for permanent duty upon specific authorization by the Commission, and other necessary expenses; fiscal year 1940, \$1,800,000, of which amount not to exceed \$1,151,000 may be expended for personal services in the District of Columbia.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 8, line 17, after the word "Columbia", insert "Provided, That no part of this appropriation shall be available for the effectuation and enforcement of the Commission order of May 23, 1939, relating to international short-wave broadcasting."

Mr. DIRKSEN. Mr. Chairman, I bring this to the attention of the Committee today largely because there has been a considerable tempest about the order of the Federal Communications Commission issued on May 23 relative to international broadcasting. No hearings were held on the order. The purport of the order, of course, was to let the international broadcasting agencies know precisely what they could broadcast and what they could not broadcast.

I just want to read a portion of the language employed by the Commission, and I think it is very unfortunate language, found in paragraph (a) of the order issued on that day:

A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country and which will promote international good will, understanding, and cooperation.

Mr. Chairman, when you seek to interpret language of that kind it virtually means there may be a minority view with respect to something in which South America is interested; yet if it does not subserve the interests of good will, understanding, and cultural relations, it would mean that a minority viewpoint could not be expressed. It is so easy to translate that kind of authority, and that kind of criticism, and that kind of restriction from the international field to the national field. My good friend the gentleman from Michigan is sitting here, and he is, no doubt, familiar with the bills introduced to set up a Federal broadcasting system. There is one pending at the present time over on the Senate side in the Foreign Relations Committee. It was introduced by a Senator and asks for \$3,000,000 with which to set up such a station. It has gotten so far now that it is pending before a committee.

We had a bill pending on the House side a year or two ago introduced by the gentleman from New York [Mr. Celler]. It is rather interesting in connection with the testimony that was offered on the bill to set up a Federal broadcasting station to note that the statement was made in the course of the testimony that it would be effective in transmitting programs to all parts of the United States. In other words, it is set up as an instrumentality of international good will, but the programs may be received in this country no less. We clap on restrictions and a kind of censorship which can be easily translated to every other broadcasting agency of the country.

There was a gentleman named Mr. T. A. Walters who testified before the House committee at that time who was formerly employed in the Department of the Interior. He submitted a written memorandum to the committee, but he was in the Department of the Interior when that memorandum was written. Among other things he mentioned was the usefulness of providing programs of national interest. So that if this was ever passed by the Congress, it would mean ultimately some kind of censorship. They did that in Great Britain. On the 7th day of June British broadcasting was taken over by the British Government. They even supervise news over there today.

When those in the broadcasting field finally raised their voices to the high heavens, the Federal Communications



Commission relented and decided there should be a hearing on the 12th day of July, but it was not until the steam had been turned. It may be after hearings are held, and they may be very perfunctory hearings, that this rule will continue to stand.

It is my opinion that limiting restrictions ought to be placed in this bill, so that no portion of the funds herein made available may be used to effectuate or to enforce the provisions of the order of May 23. It is very unfortunate in the choice of language for one thing, and, secondly, it is a disturbing factor and it is a poor approach to this problem by the Federal Communications Commission. That Commission should not be permitted to impose what amounts to censorship on international broadcasting.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DIRKSEN]?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, when we had the members of that Commission before the Independent Offices subcommittee along in January, my colleague the gentleman from Massachusetts [Mr. WIGGLESWORTH] and I examined into radio matters quite thoroughly. We did not want to be unkind. But things have not been right down in the Communications Commission and that is the reason no appropriation was included in the regular bill. Therefore this urgent deficiency bill carries \$1,800,000. It seems to me that restriction ought to be placed in this bill so this foolish, nonsensical, and ill-advised order of the Commission may not be enforced. That is the purpose of the amendment which I have offered.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I hope this amendment will not be agreed to. On page 65 of the hearings Chairman Brown undertook to explain to the gentleman from Kentucky [Mr. O'NEAL] that in the language "A licensee of an international broadcast station shall render only an international broadcast service which will reflect the culture of this country," and so forth, the word "only" relates to "international." The international broadcast company shall render only an international program. It does not undertake to circumscribe the type of program; it circumscribes the fact that they can render only an international program. I do not know whether or not that is the right construction, but that is the construction the Communications Commission places upon it, according to the testimony of Mr. Brown in the hearings.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. DIRKSEN. The hearings do not reflect, of course, paragraph (b) of that order, which even goes so far as to seek to dictate to the nine international broadcast licensees what kind of commercial program shall be broadcast, which is very unfortunate.

Mr. WOODRUM of Virginia. We cannot undertake, in the consideration of an emergency deficiency matter, to renew the rules and regulations of the Federal Communications Commission and undertake to write it into law. I quite agree that this matter should have legislative attention. Legislation is pending in both bodies relating to the Communications Commission. I hope that in speedy fashion this question will come to the attention of Congress.

Mr. DIRKSEN. Of course, this appropriation will be available for the fiscal year 1940.

Mr. WOODRUM of Virginia. Yes.

Mr. DIRKSEN. If the Commission fabricates an order that is agreeable to the broadcasting people and quite in

accord with what the people of this country want and in accord with the privileges of free speech, manifestly this amendment would not apply; but this does apply specifically to the order of May 23, and that is very unfortunate.

Mr. WOODRUM of Virginia. The gentleman has given study to this matter and he is reflecting his own opinion. I do not believe we can sit here and, in the Committee of the Whole, undertake to fashion rules and regulations for the Communications Commission. The attention of the Committee on Appropriations has been directed to this subject only very casually. Gentlemen on that side of the House have inveighed many times against legislation on appropriation bills. If we want to legislate on these rules and regulations, let us legislate on them, but we cannot do it here.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. MICHENER. In the first place, this is not legislation on an appropriation bill; and, in the second place, it is a simple instruction as to a minor detail.

Mr. WOODRUM of Virginia. If it is a minor detail we ought not to try to regulate it here.

Mr. MICHENER. It seems to me that if it is a minor detail, and it certainly meets with the approval of a majority of the House, as we understand, and I am sure with the approval of the gentleman from Virginia, we cannot go far wrong by simply inserting here a limitation as to something that we all believe.

Mr. WOODRUM of Virginia. Maybe the gentleman understands it and believes it. I do not believe a majority of this House does. I heard the testimony at the hearings, and this question is about as clear to me as a hunk of mud.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 27, noes 43.

So the amendment was rejected.

The Clerk read as follows:

#### BUREAU OF INDIAN AFFAIRS

Construction, and so forth, buildings and utilities, Indian Service: The unexpended balance of the appropriation of \$100,000 contained in the Second Deficiency Appropriation Act, fiscal year 1937, for the construction and equipment of a hospital at Point Barrow, Alaska, is hereby made available under this head until June 30, 1941, for the construction and equipment of hospitals and quarters in Alaska.

Mr. ALEXANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: On page 14, after line 8, insert a new paragraph, as follows:

"For relief of the victims of the tornado on June 18, 1939, in the counties of Hennepin and Anoka and State of Minnesota, \$270,000, to be expended for restoration of public buildings, grounds, utilities, and roads, and for the relief of distress resulting therefrom by the public authorities of said counties, villages, and the city of Anoka, Minn."

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law.

Mr. ALEXANDER. Mr. Chairman, will the gentleman reserve the point of order for a moment?

Mr. WOODRUM of Virginia. I will reserve the point of order briefly, Mr. Chairman, if the gentleman wishes to make a statement.

Mr. ALEXANDER. In view of the extent of this disaster and in view of the fact that similar action has been taken before on this type of appropriation bill, I wonder if the gentleman from Virginia would not withdraw his point of order?

Mr. WOODRUM of Virginia. I may say to the gentleman that as far as I am personally concerned, the first time I ever heard of this matter was when the gentleman addressed the Committee just a few moments ago. We must have some semblance of order; at least, I feel that we should continue to make an effort to try to have it. We fail very signally often. We have a Disaster Loan Corporation. I wonder if the gentleman has tried to get any relief from that source?

Mr. ALEXANDER. We have tried to get relief in every way we can think of, from the W. P. A. and from the C. C. C.; and, of course, the Red Cross is on the job there now. The W. P. A. is limited in its expenditure of funds. We might be able to make a loan; I believe there is some possibility of that. But this money is really needed.

Mr. WOODRUM of Virginia. I am not unsympathetic with the purpose of the gentleman, but, after all, there is no authorization for this item. I cannot consent to items of this kind going into the bill when they have received no consideration whatever.

Mr. SIROVICH. If the gentleman will yield, what is a man going to do who represents a district, as this gentleman does, which has suffered a severe tragedy because of which the people need immediate assistance? Can the gentleman advise him what to do?

Mr. WOODRUM of Virginia. Yes. He has to do what every other Congressman has to do when he needs money; he can get it in an orderly way. If the President is for the item—and the gentleman says the President is for this one—the President can send a Budget estimate up here and ask for immediate consideration of it.

The CHAIRMAN. There being no authorization for this appropriation, the point of order is sustained.

The Clerk read as follows:

POST OFFICE DEPARTMENT  
(OUT OF POSTAL REVENUES)

Unexpended balances of appropriations for the Post Office Department are hereby transferred and made available for the purposes of the appropriations to which transferred, as follows: The sum of \$1,600,000 from "Railway Mail Service, Salaries, 1939" to "Clerks, First- and Second-Class Post Offices, 1939"; the sum of \$1,000,000 from "Railroad Transportation and Mail Messenger Service, 1939" to "City Delivery Carriers, 1939"; the sum of \$350,000 from "Rural Delivery Service, 1939" to "Special Delivery Fees, 1939"; the sum of \$15,000 from "Electric- and Cable-Car Service, 1939" to "Power-Boat Service, 1939"; and the sum of \$35,000 from "Manufacture and Distribution of Stamps and Stamped Paper, 1939" to "Unpaid Money Orders More Than One Year Old, 1939."

The appropriation "Vehicle Service, 1940," contained in the Post Office Department Appropriation Act, 1940, approved May 6, 1939, is hereby made available also for the repair of vehicles owned by, or under the control of, units of the National Guard and departments and agencies of the Federal Government where repairs are made necessary because of utilization of such vehicles in the Postal Service.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word, and I do this to ask the chairman of the committee a question with reference to the amendment that was ruled out on a point of order.

As I understand, there will be another deficiency bill before the Congress adjourns, and possibly within the near future.

Mr. WOODRUM of Virginia. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Will the gentleman from Minnesota [Mr. ALEXANDER] and his colleagues who are interested in this proposition, be given an opportunity to appear before the committee and present the facts which the gentleman has indicated will be desired by the committee?

Mr. WOODRUM of Virginia. Certainly; and as the gentleman knows, this emergency item goes to the Senate, and if there is a Budget estimate for it, the Senate has the right to consider it.

Mr. SIROVICH. There is already a bill before the Senate and the House.

Mr. AUGUST H. ANDRESEN. I realize that the Senate has a right to consider it, and that they generally do consider such matters, but we also would like an opportunity, as representatives of the people, to present it to the committee.

Mr. WOODRUM of Virginia. If the matter is not taken care of before, I am sure the deficiency committee will be delighted to give the gentlemen every consideration.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman that this disaster in Minnesota was something over which, of course, the people had no control, and it is one of the worse experiences we have had in that area for years.

Mr. WOODRUM of Virginia. I am quite sympathetic with the gentleman and the situation he has in mind, and so far as I can consistently do so I shall be pleased to cooperate with him.

Mr. AUGUST H. ANDRESEN. I hope at an early date when we get the figures and facts we can be heard by the gentleman's committee.

Mr. WOODRUM of Virginia. The gentleman will be given that right.

The Clerk read as follows:

Third International Congress for Microbiology: For the expenses of participation by the United States in the Third International Congress for Microbiology, to be held in the United States during the calendar year 1939, as authorized by and in accordance with Public Resolution No. 6, approved March 29, 1939, fiscal year 1940, \$5,000.

Mr. BLOOM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLOOM: On page 18, line 22, strike out "\$5,000" and insert "\$8,000."

Mr. BLOOM. Mr. Chairman, this simply increases the amount from \$5,000 to \$8,000. The Foreign Affairs Committee originally passed a bill providing for \$10,000, and this restores \$3,000 of the original amount, making it \$8,000 instead of \$10,000.

Mr. WOODRUM of Virginia. Mr. Chairman, so far as I am concerned, I am not able to accept the gentleman's amendment. The matter was before the deficiency subcommittee and we went into it, and the committee recommended \$5,000. This is the way the matter stands now. I cannot accept the amendment. Of course, the matter is one for the Committee to decide, but the deficiency subcommittee felt that \$5,000 would be an adequate amount for the Third International Congress for Microbiology.

Mr. BLOOM. This is the Third International Congress for Microbiology, to be held in New York City in 1939. This is something of interest to every living person.

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. BLOOM].

The amendment was rejected.

The Clerk read as follows:

International Committee on Political Refugees: For the expenses of participation by the United States in the International Committee on Political Refugees, including personal services in the District of Columbia and elsewhere without regard to the civil-service laws and regulations or the Classification Act of 1923, as amended; stenographic reporting, translating, and other services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (41 U. S. C. 5); rent; traveling expenses; purchase of necessary books, documents, newspapers, and periodicals; stationery; equipment; official cards; printing and binding; entertainment; and such other expenses as may be authorized by the Secretary of State, including the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, fiscal year 1940, \$20,000, together with the unexpended balance of the appropriation for this purpose for the fiscal years 1938 and 1939 contained in the Second Deficiency Appropriation Act, fiscal year 1938: *Provided*, That no salary shall be paid hereunder at a rate in excess of \$10,000 per annum.

Mr. TABER. Mr. Chairman, I make the point of order on the paragraph on the ground that it is not authorized by law.

The CHAIRMAN. Does the gentleman from Virginia wish to be heard upon the point of order?

Mr. WOODRUM of Virginia. Mr. Chairman, I think the point of order is well taken.

The CHAIRMAN. The point of order is sustained.

The Clerk concluded the reading of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 6970 and had directed him to report the same back to the House with the recommendation that it do pass.



Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

#### EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. HARTER], who was called from the Chamber, be permitted to extend his remarks in the RECORD by inserting a statement which he has filed with the reporter.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Maine. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein the remarks I am supposed to make at a hearing now going on before the Textile Cotton Workers.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Under special order heretofore made, the gentleman from Michigan [Mr. DONDERO] is recognized for 20 minutes.

#### OUR FORM OF GOVERNMENT—A REPUBLIC

Mr. DONDERO. Mr. Speaker, I have been astounded and nonplused at the loose and misleading governmental terminology indulged in today by modern writers and have wondered whether I have studied the history of our American Government aright or in vain. The habit seems to have been formed in latter times, and it appears to be growing, of referring to "our democratic form of government," "this democratic form of government," or to "our democracy." Indeed the latter term is made nowadays to apply to almost every activity and process in which our people are engaged. I say the habit is growing. Such terminology is misleading and may become mischievous if not corrected.

I wonder if it is not the result of a famous expression of sophistry that we entered the World War "to save the world for democracy."

Since when did the United States become a "democratic" form of government?

Since when was "democracy" substituted for the "republic" as established under the Constitution?

Certainly not before the Civil War nor subsequently until in recent years false descriptive terms would seem to have converted this Republic and the States of the Union which comprise it into a form not recognized by the Constitution.

The political party which bears the name "Democratic" in its platforms, enunciating from time to time its principles, adhered very properly to the terminology of Thomas Jefferson and Andrew Jackson.

In that party's platform of 1856 we find these expressions:

Dangerous to our republican institutions.

Every future American State that may be constituted or annexed with a republican form of government.

In the platform of 1864:

Brave soldiers and sailors of the Republic.

In the platform of 1876:

Do here record our steadfast confidence in the perpetuity of republican self-government.

Now reunited in one indivisible Republic and a common destiny.

In the platform of 1892:

Under the Constitution as framed by the fathers of the Republic.

Believing that the preservation of republican government in the United States.

In the platform of 1896:

The dual system of government established by the founders of this Republic of Republics.

In the platform of 1900:

We assert that no nation can long endure half republic and half empire.

Inconsistent with republican institutions and condemned by the Supreme Court in numerous decisions.

We are not willing to surrender our civilization nor to convert the Republic into an empire.

This Republic has no place for a vast military service and conscription.

In the platform of 1904:

The structure of our free Republic.

Desire the perpetuation of our constitutional Government as framed and established by the fathers of the Republic.

In the platform of 1908:

Believing with Jefferson in "the support of the State governments in all their rights as the most competent administrations for our domestic concerns, and the surest bulwarks against anti-republican tendencies."

One cannot read newspapers and magazines nor even editorials, and speeches delivered in Congress or on the hustings, without having it brought to his attention that "our democracy" this, that, or the other thing, is not dragged into every phase and circumstance of our national life. Meanwhile our republican form of government is all but forgotten in this welter of false terminology.

In order to learn anew just what form of government our founding fathers actually established, I have recurred to the writings of some of them, chiefly of Madison, of Washington, of Jefferson, and even of Hamilton, and I have reached the conclusion, paraphrasing the famous expression above quoted that our boys went overseas "to save the Republic of the United States for the world," and I am more than ever convinced of the truth of this as I view present world conditions. The Republic—the one truly representative system of government on earth, representative of the majesty of the people.

With Europe trembling on the verge of war, and with actual warfare in the Orient, who can gainsay that this Republic is the only safe place in the world whereon the dove of peace can find a resting place, a home.

It is needless, perhaps, for me to explain that in using the terms "republican" and "democracy" I am using them in their fundamental sense and am not referring to the two great political parties. This is not a question of partisan politics. It is a question of the use of correct descriptive terms. The use of the names "Republican" and "Democratic" for partisan purposes has been unfortunate and at times misleading and confusing. To many people, ignorant of the real meaning of these designations, the word "democracy" refers to the Democratic Party, and to others, chiefly in one section of our country, the word "republican" is opprobrious and offensive.

Prior to two decades ago the writings and utterances of our leading American statesmen may be searched in vain for the use of the term "democracy" except in its fundamental sense as distinguished from aristocracy and not as a form of government. On the other hand will be found innumerable references by those statesmen to our "Republic" as a form of government.

It cannot be gainsaid that all peoples in the mass or raw state of unorganized society are democracies, as when our Articles of Confederation proved a failure and "a more perfect union" was sought.

When our independence was an accomplished fact a nation was yet to be created and a government formed.

We have a government, you know, to form—

Wrote John Adams to Rutledge—

and God only knows what it will resemble. Our politicians, like some guests at a feast, are perplexed and undetermined which dish to prefer.

But finally, after great travail, a written constitution erected a republic, balancing and apportioning among the several parts a few powers that they might each restrain and correct the others.

The republican form was not chosen by accident, but deliberately. This was the form sought by statesmen and philosophers throughout centuries of history but not found until the American Constitution established the American Republic. This, I say, was done deliberately along with the more perfect union and described by the French patriot

Lamartine and by the English statesman Pitt as a "model republic"; that is to say, a pattern or standard form of government. Other standards have been wrought out in the crucible of time such as the alphabet in the languages, the clock in the realm of time, the 10 digits in the science of mathematics, and other standards; then why not a standard form of government?

During nearly a century and a half under a republican form of government, privileges were secured; we developed statesmen who thought and worked according to the standard; we assimilated people seeking an asylum on our shores; we emerged from a civil war stronger and better; we made unparalleled material progress, and we achieved a leading place among nations.

All this we did by adhering strictly to the standard form of government established by our founding fathers.

Madison and Hamilton, leaders among the wise statesmen, who, in the light of the experiments and failures of the standard to establish permanent popular government, knew the kind and form of government they desired to create. These great men and their compatriots succeeded in erecting a republic in which, as Madison said, "the scheme of representation takes place."

They not only created a republican form of government for the Nation but they also guaranteed in the Constitution that form to each of the States of the Union. So that each of our States is, or shall I say was, a lesser republic, and the republican form of government is guaranteed by all.

It would hardly be supposed that Hamilton, who is regarded as the foremost advocate of a powerful centralized government, would subscribe to any other kind. Yet Hamilton, like Madison, believed that only the republican form would endure. In the convention he said:

The members most tenacious of republicanism were as loud as any in disclaiming against the vices of democracy.

And he concurred with Madison in thinking—

We were now to decide forever the fate of republican government.

After the convention in 1803, Hamilton wrote to Pickering:

The plan of a constitution which I drew up while the convention was sitting and which I communicated to Mr. Madison, was predicated on these bases:

1. That the political principles of the people of this country would endure nothing but republican government.
2. That in the actual situation of the country it was in itself right and proper that the republican theory should have a full and fair trial.
3. That to such a trial it was essential that the Government should be so constructed as to give all energy and stability reconcilable with the principles of that theory.

These were the genuine sentiments of my heart, and I acted upon them.

Having seen now that the founding fathers erected a republic deliberately and that they were jealous to call it a republic, let us see what contradistinguishes it from other forms of government, especially from that of a democracy. History has produced extremes and mankind has gone from one to the other in its quest for stable government, in search of a golden mean between those extremes, has oscillated from mob to monarch; from monarch to democracy; from mobocracy to autocracy; from feudalism to communism; and from bondage to license.

Thus have we witnessed a succession of experimental failures in government for thousands of years. Fitfully there are here and there rays of light, as in Greece, in Rome, in Holland, and Switzerland, and even in England, but it remained for the wise statesmen who wrote our Constitution to establish the golden mean, and evolve a standard form of government when they erected the Republic of the United States of America.

It was and is the best form of government ever conceived by the minds of men.

Certain nations to which have erroneously been given the designation of republic or democracy are neither wholly one nor the other. In each of them will be found the elements of democracy or autocracy.

In our day, in this period of loose terminology, it is the vogue to hook up the United States with the so-called democracies of England and France. As a matter of fact, England, or in the broader term, Great Britain, is a limited monarchy with only one branch of parliament resembling a republic or a democracy. We have just enjoyed the pleasure of a visit from King George VI and Queen Elizabeth, whose charming personalities will ever be remembered here with keen delight. Their demeanor was truly democratic, which I conceive to be a proper use of this word. And France! The time might have been since the French Revolution when that country was conditionally a republic. But not now. And surely it is not democratic in form. It is an admixture of various political philosophy with no stable form of government worthy the name.

At the present time its premier has the powers of a dictator. I suppose its opposition and that of Great Britain to the aggressions of the Berlin-Rome axis of the totalitarian dictatorships of Germany and Italy would seem to classify France and Great Britain as representing the other extreme as "democracies," but this terminology in nowise describes their respective forms of government, and certainly does not entitle them to be denominated as in the same class with the United States—not a democracy but a republic.

The purpose of this use of a descriptive term associating England and France with the United States as "democracies" has entangling implications which are calculated to make Thomas Jefferson, who warned against foreign entangling alliance, turn over in his grave.

In this connection it is refreshing to note, at least, one voice crying in the wilderness of loose terminology, and strangely enough that voice proceeding from the Federal writers project of the Works Progress Administration, in its book entitled "Our Federal Government and How It Functions," of which Mr. Joseph Gaer was the editor, appears on page 3, the following:

The Congress of the United States, whose visible symbol is the Capitol, is the oldest republican legislature in the world. The British Parliament is, of course, older, but technically the houses at Westminster constitute the legislative organ of a monarchy rather than of a republic.

Jefferson, as well as Madison and Hamilton, was a staunch believer in the republican form of government. In fact, in the early days of the Republic, Jefferson was the leader of the young Republican Party in the fundamental sense and not as understood today.

Read a few, among many, of his utterances concerning the republican form of government, to wit:

To preserve the republican form and principles of our Constitution and cleave to the salutary distribution of powers which that has established are the two sheet anchors of our Union. If driven from either, we shall be in danger of foundering.

And this:

If there be any among us who would wish to dissolve the Union, or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it. I know, indeed, that some honest men fear that a republican government cannot be strong; that this Government is not strong enough. But would the honest patriot, in full tide of success experiment, abandon a government which has so far kept us free and firm, on the theoretic and visionary fear that this Government, the world's best hope, may by possibility want energy to preserve itself? I trust not. I believe this, on the contrary, the strongest Government on earth. I believe it is the only one where every man, at the call of the laws, would fly to the standard of the law, and would meet invasions of the public order as his own personal concern. Sometimes it is said that man cannot be trusted with the government of himself. Can he, then, be trusted with the government of others? Or have we found angels in the forms of kings to govern him? Let history answer this question.

And this:

A just and solid republican government maintained here will be a standing monument and example for the aim and imitation of the people of other countries.

And this:

The station which we occupy among the nations of the earth is honorable, but awful. Trusted with the destinies of this solitary



Republic of the world, the only monument of human rights, and the sole depository of the sacred fire of freedom and self-government, whence it is to be lighted up in other regions of the earth if other regions of the earth shall ever become susceptible of its benign influence. All mankind ought, then, with us, to rejoice in its prosperous, and sympathize in its adverse, fortunes as involving everything dear to man. And to what sacrifice of interest or convenience ought not these considerations to animate us? To what compromises of opinion and inclination, to maintain harmony and union among ourselves, and to preserve from all danger this hallowed ark of human hope and happiness.

What then is a republic? And what is a democracy?

If we refer to dictionaries for answers, we find these terms defined more or less as interchangeable. But Webster's International Dictionary also defines "democracy" as distinguished from "aristocracy."

Democracy—

Webster says—

is loosely used of governments in which the sovereign powers are exercised by all the people or a large number of them, or specifically, in modern use, of a representative government where there is equality of rights without hereditary or arbitrary differences in rank or privilege and is distinguished from aristocracy.

Webster defines a republic—

As a state in which the sovereign power resides in a certain body of the people, and is exercised by representatives elected by, and (in theory at least) responsible to them; a commonwealth, also, the form of government by which such a state is governed.

For myself, I prefer those definitions given by James Madison, the "Father of the Constitution," in which he expressed the purpose and sentiments of his coworkers in the constitutional convention:

What, then, are the distinctive characters of the republican form?

Then he says:

Were an answer to this to be sought, not by recurring to principles but in the application of the term by political writers to the constitutions of different (foreign) states, no satisfactory one would ever be found. Holland, in which no particle of the supreme authority is derived from the people, has passed almost universally under the denomination of a republic. The same title has been bestowed on Venice, where absolute power over the great body of the people is exercised in the most absolute manner by a small body of hereditary nobles. Poland, which is a mixture of aristocracy and monarchy in their worst forms, has been dignified with the same appellation.

The Government of England, which has one republican branch only, combined with an hereditary aristocracy and monarchy, has with equal impropriety been frequently placed on the list of republics. These examples, which are nearly as dissimilar to each other as to a genuine republic, show the extreme inaccuracy with which this term has been used in political disquisitions.

Here you will note Madison's objection to the inaccurate use of the word "republic." He was equally careful to show the difference between a genuine republic and a democracy. Again he says:

Hence it is that such democracies have ever been spectacles of turbulence and contention; have ever been found incompatible with personal security or the right of property, and have in general been as short in their lives as they have been violent in their deaths. Theoretic politicians (please note the term), who have patronized this species of government, have erroneously supposed that by reducing mankind to a perfect equality in their political rights, they would, at the same time be perfectly equalized and assimilated in their professions, their opinions, and their passions. \* \* \* A republic, by which I mean a government in which the scheme of representation takes place, opens a different prospect, and promises the cure for which we are seeking. \* \* \*

The two great points of difference between a democracy and a republic are, first, the delegation of the government, in the latter, to a small number of citizens elected by the rest; secondly, the greater number of citizens and extent of territory which may be brought within the compass of republicanism than of democratic government. The effect of the first difference is, on the one hand, to refine and enlarge the public views by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations. Under such a regulation it may well happen that the public voice pronounced by the representatives of the people will be more consonant to the public good than if pronounced by the people themselves, convened for the purpose.

\* \* \* If we resort to a criterion to the different principles on which different forms of government are established, we may

define a republic to be, or at least may bestow that name on, a government which derives all its powers directly or indirectly from the great body of the people, and is administered by persons holding their offices during pleasure, for a limited period, or during good behavior. \* \* \* The true distinction between these forms is that in a democracy the people meet and exercise the government in person. In a republic they assemble and administer it by their representative agents. \* \* \*

The first question that offers itself is whether the general form and aspect of the government be strictly republican. It is evident that no other form would be reconcilable with the genius of the American people.

These were the definitions of and the distinctions between a republic and a democracy set forth by Madison, and concurred in by Hamilton, Washington, and Jefferson. In the present unsettled state of mind of the American people it would be well to read and ponder over these words of Madison and learn anew, if we ever knew, just the character of the government our forefathers established.

Article IV, section 4, of the Constitution provides:

The United States shall guarantee to every State in this Union a republican form of government.

It is unlikely that the founding fathers would have written this guaranty into the Constitution unless they intended providing a republican form of government for the Nation itself.

In its essence this form is very simple as embodied in the Constitution. It consists of just four things, namely, the election of (1) an Executive, and (2) a legislative body, who, working together in a representative capacity, have all power of appointment, all power of legislation, all power to raise and appropriate revenues, and are required to create (3) a judiciary to pass upon the justice and legality of their governmental acts and to recognize (4) certain inherent individual rights.

These are distinguishing marks of the American Republic. By subtracting any one of these four elements the drift is toward autocracy. By adding one or more the trend is toward democracy.

Hamilton said:

Give all the power to the many; they will oppress the few. Give all the power to the few; they will oppress the many. Both therefore ought to have the power that each may defend itself against the other.

Hence the wise checks and balances in the Constitution. A right understanding of the republican form of government would at once be a safeguard to the individual against demagoguery and the propagandist and a bulwark of strength to the Republic itself. "Enlightened public opinion" would result.

Shortly after the adoption of the Constitution Washington predicted in a letter to Lafayette that it would last "as long as there shall remain any virtue in the body of the people" and that the destruction of the Constitution would result from "listlessness in the preservation of the natural and inalienable rights of mankind." He was distinguishing between the ponderables of economic problems with which we are now chiefly concerned, and those great imponderables of liberty which are not for his time nor for ours, but for all time. And thus Washington emphasized in his Farewell Address when he predicted that our republican form of government would not be overthrown from without but "undermined" from within. If we are perfectly frank with ourselves, it can hardly be questioned that the Constitution in many of its essential features has been "undermined."

Franklin, too, was apprehensive when he said:

There is no form of government but what may be a blessing to the people if well administered, but I believe this Constitution is likely to be administered for a course of years, and can only end in despotism, as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.

I quote the distinguished Senator from North Carolina [MR. BAILEY]:

The Republic is not going by arms. \* \* \* She is not going by sedition and conspiracy. This Republic will go when American liberty goes, in every step we take, giving way here and giving way there, negating personal liberty, the rights of personal property or the right of personal security almost unawares—here and here, there and there, forgetting the great traditions of the past that

ought to guide us, forgetting the great standards by means of which the Republic has ever lived and must live, forgetting the spiritual foundations that have made her the source of light and life for 144 years. When we forget, when we cease to exercise eternal vigilance, we begin to see the Republic taking a transformation and losing a character which amounts to more than revolution.

Jefferson admonished that if we wander from the pathway of our fundamental principles in moments of error or alarm, let us "hasten to retrace our steps and regain the road which alone leads to peace, liberty, and safety."

God save the Republic of the United States of America. [Applause.]

#### EXTENSION OF REMARKS

Mr. CREAL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my own remarks on a bill dropped into the hopper today.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CANNON of Missouri, for 1 week, on account of business.

#### BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6260. An act making appropriations for the fiscal year ending June 30, 1940, for civil functions administered by the War Department, and for other purposes.

#### ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 1 minute p. m.), pursuant to the order heretofore made, the House adjourned until Monday, June 26, 1939, at 12 o'clock noon.

### COMMITTEE HEARINGS

#### COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m. on the bills and dates listed below:

There will be a meeting of the Committee on Merchant Marine and Fisheries at 10 a. m. Tuesday, June 27, 1939, for the consideration of H. R. 6572, relating to marine war-risk insurance.

#### COMMITTEE ON THE JUDICIARY

On Wednesday, June 28, 1939, beginning at 10 a. m., there will be continued a public hearing before the Committee on the Judiciary on the bill (H. R. 6369) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplemental thereto; to create a Railroad Reorganization Court; and for other purposes.

#### COMMITTEE ON INDIAN AFFAIRS

There will be a meeting of the Committee on Indian Affairs on Wednesday, June 28, 1939, at 10:30 a. m. for consideration of H. R. 2738, H. R. 4831, H. R. 909, H. R. 6506, H. R. 953, and S. 72.

### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

892. A communication from the President of the United States, transmitting a proposed provision affecting the appropriation of the War Department for "Pay of the Army, 1939" (H. Doc. No. 361); to the Committee on Appropriations and ordered to be printed.

893. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Bureau of Public Roads, Department of Agriculture (H. Doc. No. 360); to the Committee on Appropriations and ordered to be printed.

894. A letter from the Attorney General of the United States, transmitting the draft of a proposed bill to amend section 1 of the act providing punishment for the killing or assaulting of Federal officers; to the Committee on the Judiciary.

895. A letter from the President, Board of Commissioners, District of Columbia, transmitting the draft of a proposed bill to amend an act of Congress entitled "An act to regulate the employment of minors within the District of Columbia"; to the Committee on the District of Columbia.

896. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Boston Harbor, Mass., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted November 17, 1938 (H. Doc. No. 362); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

897. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Cape Vincent Harbor, N. Y., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted October 31, 1938 (H. Doc. No. 363); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

898. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of San Juan Harbor, P. R., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 364); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

899. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Menemsha Creek, Marthas Vineyard, Mass., authorized by the River and Harbor Act approved June 20, 1938 (H. Doc. No. 365); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

900. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on survey of Susquehanna River at Sunbury, Pa., authorized by the Flood Control Act approved June 22, 1936 (H. Doc. No. 366); to the Committee on Flood Control and ordered to be printed, with an illustration.

901. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Thames River, Conn., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted January 24, 1939 (H. Doc. No. 367); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

902. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration on a preliminary examination and survey of Connecticut River below Hartford, Conn., including North Cove in the town of Old Saybrook, authorized by the River and Harbor Act approved August 26, 1937 (H. Doc. No. 368); to the Committee on



Rivers and Harbors and ordered to be printed, with an illustration.

903. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on reexamination of Lake Montauk Harbor, N. Y., requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted April 4, 1939 (H. Doc. No. 369); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

904. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 13, 1939, submitting a report, together with accompanying papers and an illustration, on a survey of, and review of reports on, Pecan Bayou, Tex., authorized by the River and Harbor Act approved August 26, 1937, and requested by resolution of the Committee on Commerce, United States Senate, adopted August 4, 1936 (H. Doc. No. 370); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

905. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 14, 1939, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of, and review of reports on, intra-coastal waterway from Caloosahatchee River to Withlacoochee River, Fla., and channel in Little Sarasota Bay, Fla., between Sarasota and Venice, and channel through Casey's Pass, Fla., authorized by the River and Harbor Act approved August 30, 1935, and requested by resolution of the Committee on Rivers and Harbors, House of Representatives, adopted May 18, 1934 (H. Doc. No. 371); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR of Colorado: Committee on Appropriations. H. R. 6970. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; without amendment (Rept. No. 910). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5238. A bill to regulate the practice of optometry in the District of Columbia; with amendment (Rept. No. 911). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 6971. A bill to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes; without amendment (Rept. No. 933). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 4307. A bill to extend the provisions of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, to all common carriers by water in interstate commerce, and for other purposes; with amendment (Rept. No. 934). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEE: Committee on Foreign Affairs. H. R. 1821. A bill to provide for the payment in full of the principal of awards of the special Mexican Claims Commission; with amendment (Rept. No. 935). Referred to the Committee of the Whole House on the state of the Union.

Mr. JARMAN: Committee on Printing: House Joint Resolution 314. Joint resolution to provide for the compiling and publishing of a history of the formation, the signing, the ratification, and the establishment of the Constitution, including historical facts and data relative to the com-

mencement of the First Congress of the United States; the inauguration of George Washington as the first President of the United States; the adoption and ratification of the Bill of Rights, and the first meeting of the Supreme Court of the United States; and for other purposes; without amendment (Rept. No. 936). Referred to the Committee of the Whole House on the state of the Union.

Mr. IZAC: Committee on Foreign Affairs. House Joint Resolution 242. Joint resolution to authorize the appropriation of an additional sum of \$606,650 for Federal participation in the world's fair to be held by the San Francisco Bay Exposition, Inc., in the city of San Francisco during the year 1939; without amendment (Rept. No. 937). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 2253. A bill granting an increase of pension to Jeannette W. Moffett; without amendment (Rept. No. 912). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 1554. A bill for the relief of Harvey T. Wilson; with amendment (Rept. No. 913). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 1843. A bill for the relief of the estate of K. J. Foss; with amendment (Rept. 914). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 2041. A bill for the relief of Tom Kelly; with amendment (Rept. 915). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 2096. A bill for the relief of Lucile Snider and Cliff Snider, Jr.; with amendment (Rept. No. 916). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 2250. A bill for the relief of Frank Malles, Jr.; with amendment (Rept. No. 917). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 2363. A bill for the relief of the estate of Harvey T. Combs; with amendment (Rept. No. 918). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 3109. A bill for the relief of Helen Louise Giles; with amendment (Rept. No. 919). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3156. A bill for the relief of Anna E. Hurley; with amendment (Rept. No. 920). Referred to the Committee of the Whole House.

Mr. ELLIS: Committee on Claims. H. R. 3363. A bill for the relief of the American Insurance Co. of New Jersey; with amendment (Rept. No. 921). Referred to the Committee of the Whole House.

Mr. KEEFE: Committee on Claims. H. R. 4275. A bill for the relief of Harry Vrontas; with amendment (Rept. No. 922). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 4482. A bill for the relief of Byron MacDonald; with amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 4813. A bill for the relief of John L. Morkovsky, and the estates of Marie R. Morkovsky and Alphons Morkovsky, both deceased; with amendment (Rept. No. 924). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 5350. A bill for the relief of Caryl Burbank, Preston A. Stanford, and Fire Association of Philadelphia; without amendment (Rept. No. 925). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5894. A bill for the relief of John E. Garrett; without amendment (Rept. No. 926). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5895. A bill for the relief of James D. Larry, Sr.; without amendment

(Rept. No. 927). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 891. An act for the relief of J. C. Grice; with amendment (Rept. No. 928). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1258. An act for the relief of the Rent-A-Car Co.; with amendment (Rept. No. 929). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 1339. An act for the relief of Grace S. Taylor; without amendment (Rept. No. 930). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 1430. An act for the relief of the legal guardian of Dorothy Elizabeth Sisson, a minor; without amendment (Rept. No. 931). Referred to the Committee of the Whole House.

Mr. COFFEE of Washington: Committee on Claims. S. 1688. An act for the relief of Joseph W. Parse; without amendment (Rept. No. 932). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TAYLOR of Colorado:

H. R. 6970. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1939, to provide appropriations required immediately for the fiscal year ending June 30, 1940, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. STEAGALL:

H. R. 6971. A bill to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, title IV of the National Housing Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. FULMER:

H. R. 6972. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture.

By Mr. LEA:

H. R. 6973. A bill to authorize the purchase of land, buildings, antenna systems and appurtenances for use as a radio-monitoring station, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H. R. 6974. A bill to authorize the purchase and distribution of products of the fishing industry; to the Committee on Agriculture.

By Mr. O'CONNOR:

H. R. 6975. A bill to provide for the reconveyance to the State of Montana of a portion of the land in such State within the boundaries of the Yellowstone National Park; to the Committee on the Public Lands.

By Mr. MAY (by request):

H. R. 6976. A bill providing for the utilization of unfilled immigration quotas in order to colonize Alaska for purposes of national defense and as a market for surplus production; to the Committee on Immigration and Naturalization.

By Mr. MURDOCK of Arizona:

H. R. 6977. A bill to extend the time within which the annual assessment work on mining claims held by location in the United States may be commenced for the year commencing at 12 o'clock m. July 1, 1938; to the Committee on Mines and Mining.

By Mr. SNYDER:

H. R. 6981. A bill for the relief of the tornado sufferers of Anoka, Minn.; to the Committee on Appropriations:

By Mrs. ROGERS of Massachusetts:

H. Con. Res. 31. Concurrent resolution calling for Congress to remain in continuous session on account of statements by the President regarding neutrality legislation and war in foreign countries; to the Committee on Ways and Means.

By Mr. BLAND:

H. Res. 231. Resolution for the consideration of H. R. 4307; to the Committee on Rules.

By Mrs. ROGERS of Massachusetts:

H. Res. 232. Resolution requesting the President to transmit information to the House of Representatives; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CORBETT:

H. R. 6978. A bill granting an increase of pension to Leah Jones; to the Committee on Invalid Pensions.

By Mr. FERGUSON:

H. R. 6979. A bill granting a pension to Minnie M. Keyes; to the Committee on Invalid Pensions.

By Mr. VINCENT of Kentucky:

H. R. 6980. A bill granting a pension to Jamaica Taylor; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3979. By Mr. GEARHART: Petition submitted by Ernest Sam, secretary of the Fay Wah Club, of Fresno, Calif., and containing 260 signatures, protesting against all traffic in war materials for use against the Chinese people; to the Committee on Foreign Affairs.

3980. By Mr. MARTIN J. KENNEDY: Petition of the Lawrence Chamber of Commerce, Lawrence, Mass., concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3981. By MICHAEL J. KENNEDY: Petition of the Hotel Association of Washington, D. C., Inc., representing large consumers of dairy products, favoring passage of House bill 6316, which would permit pure wholesome milk and cream from anywhere in the United States to enter the market in Washington at reasonable prices; to the Committee on the District of Columbia.

3982. Also, petition of Cantasano Bros., Inc., New York City, opposing the sale of raw cotton to paper mills by the Government; to the Committee on Agriculture.

3983. Also, petition of the president of Local No. 28, Sheet Metal Workers International, favoring the Starnes bill; to the Committee on Appropriations.

3984. Also, petition of the Housekeepers' Alliance of Washington, D. C., opposing the proposed Schulte milk bill to substitute the Federal Public Health Service regulations for the District Milk Code and advocating that the present health regulations be preserved as they now stand; to the Committee on the District of Columbia.

3985. Also, petition of the Public Utilities Commission of the State of Idaho, favoring Senate bill 2009, as amended, pertaining to the regulation of transportation; to the Committee on Interstate and Foreign Commerce.

3986. Also, petition of the National Cooperative Council, urging that adequate hearings be held on House bill 6316, pertaining to health standards for dairy products consumed in the District of Columbia; to the Committee on the District of Columbia.

3987. By Mr. KEOGH: Petition of Berk Kirkman, president; Jeremiah P. Sullivan, acting secretary; and Philip L. Reeves, business representative, of I. B. E. W. Local No. 3, concerning prevailing wage rate for Works Progress Administration and the Starnes bill to increase Public Works Administration funds for building construction; to the Committee on Ways and Means.

3988. Also, petition of the Hotel Association of Washington, D. C., concerning House bill 6316, the Schulte bill; to the Committee on the District of Columbia.

3989. Also, petition of the New York Clothing Cutters Union, favoring adequate appropriation to provide jobs for unemployed Americans at socially useful work; to the Committee on Ways and Means.

3990. Also, petition of Frank Cacciola, president, Brooklyn (N. Y.) Army Base, Local 43, U. F. W. A., favoring the



passage of House bill 960, the Ramspeck bill; to the Committee on the Civil Service.

3991. Also, petition of the Sheet Metal Workers, Local 28, New York City, favoring the Starnes bill; to the Committee on Appropriations.

3992. Also petition of the Public Utilities Commission of the State of Idaho, Boise, Idaho, concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3993. By Mr. PFEIFER: Petition of the Hotel Association of Washington, D. C., Inc., favoring House bill 6316, the Schulte bill; to the Committee on the District of Columbia.

3994. Also, petition of the Public Utilities Commission of Idaho, Boise, Idaho, concerning Senate bill 2009; to the Committee on Interstate and Foreign Commerce.

3995. Also, petition of the Sheet Metal Workers, Henry J. Brennan, president, Local No. 28, New York City, favoring the Starnes bill; to the Committee on Appropriations.

3996. By Mr. VOORHIS of California: Petition of Mrs. A. Florence Holden, of Covina, Calif., and 326 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3997. Also, petition of F. L. Smith, of Alhambra, Calif., and 87 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3998. Also, petition of Marie I. Weis, of Alhambra, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

3999. Also, petition of J. W. Orton, of San Gabriel, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4000. Also, petition of James S. Chinn, of Covina, Calif., and 27 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4001. Also, petition of Sarah Johnson, of San Gabriel, Calif., and 29 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4002. Also, petition of Verne Berryman, of Pomona, Calif., and 120 others, supporting House bill 5620, known as the General Welfare Act; to the Committee on Ways and Means.

4003. By the SPEAKER: Petition of the Rainbow Division Veterans, Birmingham, Ala., petitioning consideration of their resolution with reference to un-American activities; to the Committee on Accounts.

4004. Also, petition of the Medical Association of the State of Alabama, petitioning consideration of their resolution with reference to the construction of a new building for the library and museum; to the Committee on Military Affairs.

## SENATE

SATURDAY, JUNE 24, 1939

(Legislative day of Thursday, June 22, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Almighty and most merciful Father, whose tender love doth shadow us even when we go astray: Rekindle in us the true spirit of devotion and preserve us from the sin of praying only with our lips and not as well with heart and mind. We invoke Thy choicest blessings upon our beloved country. Grant to our President and our Vice President, to the Members of the Congress, and to all others in authority the spirit of wisdom and right judgment in all things. Watch over these, Thy servants, and compass them about with Thy favor; make them diligent in the performance of their duties, courteous in conversation, charitable toward others, and, so, ever mindful of Thy presence. If in aught we have asked amiss, be pleased to pardon our infirmity; and whatsoever

may be good for us, even though unasked, be pleased to grant us, for the sake of Jesus Christ, our only Mediator and Advocate. Amen.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, June 23, 1939, was dispensed with, and the Journal was approved.

JOHN L. SUMMERS, FORMER TREASURY DISBURSING CLERK

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of John L. Summers, former disbursing clerk, Treasury Department, and for other purposes, which, with the accompanying paper, was referred to the Committee on Claims.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of San Francisco, Calif., praying for the enactment of the so-called Casey bill—House bill 6470—appropriating the sum of \$2,250,000,000 for the Works Progress Administration for the fiscal year 1940, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Washington (D. C.) Branch of the American League for Peace and Democracy, protesting against the enactment of the so-called Woodrum Works Progress Administration appropriation bill now pending, and favoring the substitution therefor of the so-called Murray-Casey bill, which was referred to the Committee on Appropriations.

### INTEREST RATE ON FEDERAL LAND BANK AND COMMISSIONER'S LOANS

Mr. WILEY presented a resolution adopted by the Barron County (Wis.) National Farm Loan Association, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Whereas Congress has for a number of years fixed an interest rate of 3½ percent on Federal land-bank loans as a temporary emergency measure; and

Whereas 191 mortgage-foreclosure judgments were granted in Barron County during the period from January 1, 1938, to March 15, 1939, which clearly shows that the emergency still exists; and

Whereas the present 3½-percent law will expire July 1, 1940: Be it Resolved, That the Barron County National Farm Loan Association, assembled in annual meeting this 20th day of June 1939, does hereby request Congress to continue the 3½ percent Federal land-bank rate and to grant the same rate to borrowers under the commissioner's loan law; be it further

Resolved, That a copy of this resolution be sent to Congressman Merlin Hull, Senators La Follette and Wiley, Secretary Wallace, and the Federal Land Bank of St. Paul.

### REPORTS OF COMMITTEES

Mr. WAGNER (for Mr. WHEELER), from the Committee on Interstate Commerce, to which was referred the bill (S. 2639) relating to the hours of service of persons employed upon the Government-owned Wiot-Fort Peck Railroad in the State of Montana, reported it without amendment and submitted a report (No. 664) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2634) to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes, reported it with an amendment and submitted a report (No. 665) thereon.

### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

S. 2690 (by request). A bill to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the District Courts of the United States, and for other purposes; to the Committee on the Judiciary.